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REPORT OF THE AD HOC GROUP ON THE BERLIN MANDATE ON THE WORK OF ITS SIXTH SESSION, BONN, 3-7 MARCH 1997

Addendum

PROPOSALS FOR A PROTOCOL OR ANOTHER LEGAL INSTRUMENT

Negotiating text by the Chairman

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GLOSSARY

Acronyms and abbreviations

GDP	gross domestic product
GEF	Global Environment Facility
GWP	global warming potential
ICAO	International Civil Aviation Organization
IEA	International Energy Agency
IGBP	International Geosphere-Biosphere Programme
IMO	International Maritime Organization
IPCC	Intergovernmental Panel on Climate Change
MDB	multilateral development bank
OECD	Organisation for Economic Co-operation and Development
ppmv	parts per million (10^6) by volume
QELROs	quantified emission limitation and reduction objectives
SBSTA	Subsidiary Body for Scientific and Technological Advice
START	System for Analysis, Research and Training
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environment Programme
WMO	World Meteorological Organization
WTO	World Trade Organization

Chemical symbols

C_2F_6	hexafluoroethylene
CF_4	carbon tetrafluoride
CH_4	methane
CO_2	carbon dioxide
HFC	hydrofluorocarbon
NMVOC	non-methane volatile organic compound
N_2O	nitrous oxide
NO_x	nitrogen oxides
PFC	perfluorocarbon
SF_6	sulphur hexafluoride
VOC	volatile organic compound

INTRODUCTION

A. Mandate

1. At its sixth session, the Ad Hoc Group on the Berlin Mandate (AGBM) requested the Chairman, assisted by the secretariat, to complete the negotiating text for a protocol or another legal instrument in time to enable the secretariat to make it available to the Parties in the six languages of the United Nations by 1 June 1997, and thereby meet the requirements of Article 15.2 or 17.2 of the Convention. The AGBM invited Parties to submit further proposals in legal language for inclusion in the negotiating text to be received by 1 April 1997 (FCCC/AGBM/1997/3, paras. 16 and 17).

2. Parties will recall that, in accordance with Article 15.2 or 17.2 of the Convention, the negotiating text produced to meet the 1 June 1997 deadline should include all the basic concepts on which the AGBM will negotiate up to the third Conference of the Parties (COP 3). Therefore, whilst proposals additional to this negotiating text may be put forward, these should be clearly derived from the submissions already within it and should not introduce substantially new ideas.

B. Scope of the note

3. This note responds to the above mandate by organizing the texts adopted by the AGBM at its sixth session into a negotiating text for a protocol or another legal instrument (hereinafter referred to as "the instrument"). The negotiating text also incorporates additional proposals submitted up to 1 April 1997. The original texts of all the proposals which make up the negotiating text can be found in documents FCCC/AGBM/1996/MISC.2 and Add.1, 2, 3 and 4, as well as FCCC/AGBM/1997/MISC.1 and Add.1 and 2, the latter including new proposals received since the sixth session of the AGBM.

4. The structure of this negotiating text, including the headings used and the paragraph numbering system, is derived from that of the framework compilation of proposals from Parties (FCCC/AGBM/1997/2) and the texts adopted at the sixth session of the AGBM. As agreed by the AGBM at its sixth session, however, the names of proposing Parties are no longer included (FCCC/AGBM/1997/3, para. 16).

5. This negotiating text reproduces the texts adopted by the AGBM at its sixth session. New proposals received in the form of legal text up to 1 April 1997 have been included verbatim and are differentiated from those reviewed at the sixth session by a side bar in the left margin. All proposals which are still in a descriptive form appear in italics.

6. As with the framework compilation, cross-references to proposed "Articles and paragraphs" are found in this negotiating text. All such cross-references are given in italics and the reader is directed to the relevant paragraph in the negotiating text.

7. This negotiating text has been produced in full recognition of the fact that the AGBM has not yet taken a decision on the type of legal instrument to be adopted by the COP at its third session. Many submissions refer specifically to a protocol, and the structure of the negotiating text reflects this. However, other options, such as an amendment, are still open to the AGBM. In this context, Parties may wish to consider how proposals could be adapted if agreement is reached on a different legal instrument. In the case of an amendment, for instance, new text could be elaborated as new additional paragraphs and, where appropriate, as a "*bis*" to the applicable Article of the Convention, whilst proposals which were found to be no longer relevant could simply be dropped. Parties may wish to note that the Amendments to the Montreal Protocol on Substances that Deplete the Ozone Layer provide an example of such an approach.

8. Proposals which oppose the inclusion of certain sections in the new instrument do not figure in this negotiating text. This is on the understanding that the inclusion of a section is without prejudice to the views of Parties that may not support the elaboration of any provisions at all under certain headings.

I. INTRODUCTORY ELEMENTS

A. Preamble[1]

Chapeau

9. Being Parties to the [1992] United Nations Framework Convention on Climate Change [signed at New York on May 9th 1992] (hereinafter referred to as "the Convention"),

Proposal 1

10. Recognizing that the largest share of historical and current global emissions of greenhouse gases has originated in developed countries, per capita emissions in developing countries are still relatively low and that the share of global emissions originating in developing countries will grow to meet their social and development needs, quantified emission limitation and reduction objectives shall be elaborated on the basis of the consequences on all greenhouse gas concentrations, temperature increase and sea-level rise, taking into account cumulative emissions and currently available scientific and economic data,

10.1 Bearing in mind the ultimate objective of the Convention and any related legal instruments that the Conference of the Parties may adopt is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the

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[1] Titles of articles and paragraphs are included solely to assist the reader.

climate system, and that such a level should be achieved within a time-frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner,

10.2 Having reviewed Article 4, paragraph 2(a) and (b) of the United Nations Framework Convention on Climate Change and having concluded that these subparagraphs are not adequate,

10.3 Underlining the principles of the Convention, in particular the principle in Article 3.1 which reads as follows: "The Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities. Accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof",

10.4 Recalling Article 3.2 of the Convention which states that "The specific needs and special circumstances of developing country Parties especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration",

10.5 Recalling also Article 3.5 of the Convention which states that "The Parties should co-operate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change", and that "Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade",

10.6 Recognizing also the fact that the global nature of climate change calls for the widest possible cooperation by all countries and their participation in an effective and appropriate international response, in accordance with their common but differentiated responsibilities and respective capabilities and their social and economic conditions,

10.7 Reaffirming the specific needs and concerns of developing countries and the special situations of least developed countries referred to in Articles 4.8, 4.9 and 4.10 of the Convention, and the legitimate needs of the developing countries for the achievement of sustained economic growth and the eradication of poverty, recognizing also that all Parties have a right to, and should promote sustainable development,

10.8 Acknowledging that, in accordance with the principle of common but differentiated responsibilities, Parties to the Convention and to this protocol/another legal instrument shall in the future re-examine the impact of global efforts to combat climate change and the adverse effects thereof,

10.9 Affirming that response to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account legitimate economic growth and the eradication of poverty,

10.10 Recognizing that all countries, especially developing countries, need access to resources required to achieve sustainable social and economic development and that, in order for developing countries to progress towards that goal, their energy consumption will need to grow taking into account the possibilities for achieving greater energy efficiency and for controlling greenhouse gases in general, including through the application of new technologies on terms which make such an application economically and socially beneficial.

Proposal 2

11. Recognizing the necessity of urgently limiting their anthropogenic emissions of greenhouse gases and of protecting and enhancing their greenhouse gas sinks and reservoirs in order to mitigate the adverse effects of climate change,

11.1 Noting that the Second Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) approved at the eleventh session of the IPCC on 15 December 1995, which is recognized, at the present moment, as the most comprehensive and authoritative assessment of the science of climate change, its impacts and response options now available, states that stabilization of atmospheric concentrations of carbon dioxide (CO_2), which is one of the major greenhouse gases, at 550 parts per million by volume (ppmv) will eventually require global emissions to be less than 50 per cent of current levels,

11.2 Taking note that many of the Parties included in Annex I to the Convention need to make additional efforts to overcome difficulties that they face in achieving the return of their emissions of greenhouse gases to 1990 levels by 2000, and recognizing the necessity for emission limitations and significant overall reductions within specified time-frames with respect to their anthropogenic emissions by sources and removals by sinks of greenhouse gases not controlled by the Montreal Protocol on Substances that Deplete the Ozone Layer, 1987, as adjusted and amended (hereinafter referred to as the "Montreal Protocol").

Proposal 3

12. Recognizing that policies and measures undertaken by developed country Parties to limit or reduce their emissions of greenhouse gases likely will have adverse economic and/or social impacts upon many developing countries, including, but not limited to, countries with economies that are highly dependent on income generated from the production, processing and export of fossil fuels, and that such impacts will have an adverse effect on the ability of such countries to achieve the economic and social development and poverty eradication that are the first and overriding priorities of developing countries.

Proposal 4

13. Aware of the advantages of coordinating relevant measures and strategies, including specific administrative and economic instruments to achieve the objective of the Convention,

13.1 Acknowledging that in accordance with the principle of common but differentiated responsibilities Parties to the Convention and this Protocol should in future re-examine the impact of global efforts to combat climate change and the adverse effects thereof,

13.2 Noting that there are many uncertainties in predictions of climate change, particularly with regard to the timing, magnitude and regional patterns thereof,

13.3 Reaffirming that Parties should take precautionary measures to anticipate, prevent, or minimize the causes of climate change and mitigate its adverse effects and that, where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing such measures,

13.4 Recognizing further that low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountain ecosystems are particularly vulnerable to the adverse effects of climate change.

Proposal 5

14. This Protocol regulates future actions and the implementation of the commitments of the Parties to the UN Framework Convention on Climate Change (hereinafter referred to as "the Convention") facilitating achievement of its ultimate objective determined in Article 2,

14.1 This Protocol contains indicators on the limitation and reduction of greenhouse gas emissions which are genuinely feasible for Parties and which are developed on the principles of the common but differentiated responsibilities of States and ecologically sustainable development,

14.2 This Protocol includes mechanisms provided by the Convention without any change or replacement of the statements and principles of the Convention. Where necessary, the Protocol also permits the use of additional mechanisms, which do not contradict the Convention and facilitate implementation of the objectives of the Protocol,

14.3 This Protocol takes into account, to the maximum degree, the real contribution of each Party to the implementation of its commitments under the Convention on the limitation and reduction of greenhouse gas emissions to the atmosphere and the enhancement of their removal.

Proposal 6

15. Noting that the largest share of historical and current global emissions of greenhouse gases has originated in developed countries, and the per capita emissions in developing countries are still relatively low and that the share of global emissions originating in developing countries will grow to meet their social and development needs,

15.1 Recognizing the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken on limiting greenhouse gas emissions,

15.2 Affirming that response to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account legitimate economic growth and the eradication of poverty,

15.3 Recognizing that all countries, especially developing countries, need access to resources required to achieve sustainable social and economic development and that, in order for developing countries to progress towards that goal, their energy consumption will need to grow taking into account the possibilities for achieving greater energy efficiency and for controlling greenhouse gas emissions in general, including through the application of new technologies on terms which make such an application economically and socially beneficial.

Proposal 7

16. Reaffirming the need for a comprehensive approach in addressing climate change, to include all relevant greenhouse gases in all economic sectors by sources and removals by sinks, mitigation as well as adaptation to climate change,

16.1 Acknowledging the potential contribution of the elimination of subsidies, and other economic incentives, including tax incentives, to reduction of greenhouse gas emissions in Annex I countries, [and therefore highest priority should be given to those policies in implementing their commitments].

Proposal 8

17. Recognizing that the purpose of this Protocol is to facilitate the achievement of the ultimate objective indicated in Article 2 of the Convention, by the adoption of specific new commitments by the Parties included in Annex I, and also by the implementation of voluntary measures, which could be taken by all Parties, to set quantitative emission limitation and reduction objectives, and enhance greenhouse gas sinks and reservoirs within specified time-frames beyond 2000.

Proposal 9

18. Recognizing the need to reduce global emissions of greenhouse gases and taking into account historical emissions and the specific responsibilities of the countries which have contributed to a greater extent than others to the rise in concentrations of these gases, and recognizing the specific, special and differentiated needs of the Parties, for the purpose of securing a stabilization in the concentrations of greenhouse gases in the atmosphere, in such a way as to prevent anthropogenic interference with the climate system, ecosystems, economic output and the development of future generations,

18.1 Recognizing that economic development is a priority for the developing countries, and that they have low per capita levels of greenhouse gas emissions, we reaffirm that they are sovereign as regards the reduction of their emissions of greenhouse gases,

18.2 Recognizing that, against the above background, there is a need to shoulder a common but differentiated responsibility, in keeping with the capability of each Party, to generate the broadest possible cooperation, among all the Parties, in working towards the objectives of the Convention, and any other instrument stemming from it,

18.3 Affirming that compliance with the principal obligations on the part of the Annex I countries is of fundamental importance for the full implementation of emission reduction measures, but within that context, we recognize that the contribution of joint implementation cannot be left aside, as a differentiated, voluntary and complementary measure of joint responsibility, in order to contribute to a greater extent to the global mitigation and reduction of emissions of greenhouse gases, the transfer of technology for the control, reduction and prevention of anthropogenic emissions, and education, training and awareness-raising with regard to climate change and technology transfer,

18.4 We affirm that, in parallel to the matters mentioned above, it is of fundamental importance within the framework of the discharge of the principal obligations and the pursuit of joint implementation projects, to support the promotion of the sustainable management of the conservation and development of sinks and reservoirs of greenhouse gases, which are not regulated by the Montreal Protocol, such as biomass, forests, ecosystems and oceans, inasmuch as they benefit humankind by generating two environmental services, that of sustaining biological diversity, and that of trapping and substantially reducing anthropogenic emissions of greenhouse gases,

18.5 Recognizing that, through compliance with their principal obligations, together with the pursuit of joint implementation projects, the Annex I countries can contribute to funding the incremental costs involved in the application of sound policies and measures falling under national programmes for sustainable development in the developing countries, including the enhancement of the global environmental benefits of ecosystems which act as sinks and reservoirs of greenhouse gases, as against the present development of lower-cost technologies, which increase global emissions of greenhouse gases,

18.6 Recognizing the need to avoid the creation of "greenhouse gas polluter havens", renewed emphasis is placed on the need for the quantification, reporting, reduction and mitigation of emissions of greenhouse gases, to be conducted at the national level.

Proposal 10

19. Recalling the provisions of the Convention,

19.1 Recalling further the provisions of the Berlin Mandate, adopted by the Conference of the Parties at its first session held at Berlin from 28 March to 7 April 1995, which, in order to enable the Conference of the Parties to take appropriate action for the period beyond 2000, inter alia provides for the strengthening of the commitments of the Parties included in Annex I to the Convention in Article 4.2(a) and (b) and for the continuing advancement of the implementation by all Parties of the commitments in Article 4.1 of the Convention in order to achieve sustainable development, taking into account Articles 4.3, 4.5 and 4.7.

19.2 Have agreed as follows:

B. Definitions

Chapeaux

20. For the purpose of this Protocol:

21. For the purposes of this Protocol the following definitions are used. These are additional to the definitions in Article 1 of the Convention.

22. All terms used in this Protocol that are defined in Article 1 of the Convention shall have the meanings set forth in Article 1 of the Convention.

23. The definitions contained in Article 1 of the Convention shall apply.

Definitions

24. "Annex _ Parties" means Parties included in Annex _ [*insert identification of the Annex or Annexes listing Parties making commitments for quantified emission limitation and reduction objectives (QELROs) and policies and measures*].

25. "Annex I Parties" means Parties included in Annex I [*insert identification of the Annexes listing developed country Parties making commitments for QELROs and policies and measures*].

26. "Annex I Parties" means the developed country Parties and other developed Parties included in Annex I to the Convention, that are also Parties to this Protocol.

27. "Annex III Parties" means developing country Parties whose economies are highly dependent on the exploitation, production, processing and exportation of fossil fuels.

28. "Anthropogenic emission" means the total emissions of greenhouse gases into the atmosphere within the territory of a Party caused by human activity during a concrete period.

29. "Anthropogenic sink" means the total removal of greenhouse gases from the atmosphere within the territory of a Party caused by human activity during a concrete period.

30. "Change in per capita economic welfare" means the change in per capita gross national expenditure resulting from mitigation action.

31. "Compensation mechanism" means the mechanism which shall be established by this Protocol to compensate social and economic losses arising from the implementation of the present instrument sustained by Annex III Parties.

32. "Conference of the Parties" means the Conference of the Parties to the Convention established [by] [pursuant to] Article 7 of the Convention.

33. "Convention" means the United Nations Framework Convention on Climate Change adopted on 9 May 1992, and unless the text otherwise indicates, the terms defined in Article 1 of the Convention shall have the same meaning in this Protocol.

34. "Convention" means the United Nations Framework Convention on Climate Change, [done at New York on 9 May 1992] [and adopted for signature in Rio de Janeiro on 4 June 1992].

35. "Depositary" means the Depositary designated in Article 19 of the Convention.

36. "Domestic emission" means emissions of greenhouse gases that take place within the territory of a country.

37. "Emission intensity of exports" means the ratio of emissions generated domestically by the export sector with the total value of exported goods and services, for the agreed reference period.

38. "Emission intensity of GDP" means the ratio of emissions to gross domestic product (GDP), for the agreed reference period.

39. "Fossil-fuel intensity of exports" means the emissions content of fossil fuel exports as a proportion of the value of total exports of goods and services, for the agreed reference period.

40. "Global warming potential" means the numerical parameter used for the calculation of the emission of one metric tonne of one or more other greenhouse gas in such an amount of carbon dioxide which causes the same greenhouse effect as one metric tonne of this gas.

41. "Greenhouse gas" means any greenhouse gas for which a global warming potential (GWP) is set forth in Annex C of this Protocol.

42. "Greenhouse gas" means any gas with a greenhouse effect not controlled by the Montreal Protocol for which a GWP is set forth in Annex C of this Protocol.

43. "Greenhouse gas emission mitigation certificate" an environmental mechanism and financial instrument by means of which the Annex I Parties can demonstrate their contribution as financial partners in the implementation of joint implementation projects, making it possible to reduce global emissions that cause the greenhouse effect, generating overall environmental benefits that make themselves felt through the certification of metric tons of carbon equivalent offset, which, taken together, represents the value of the investment made in mitigation.

44. "Indicator" means _ . *(to be drafted).*

45. "Joint implementation" means a voluntary action between Annex I Parties and non-Annex I Parties to the United Nations Framework Convention on Climate Change by means of which the corresponding measures to mitigate climate change through the limitation and reduction of anthropogenic emissions of greenhouse gases and the protection and enhancement of sinks and reservoirs of greenhouse gases can be carried out jointly in the territory of non-Annex I Parties in order to make an overall contribution to the attainment of the objectives of the Convention.

46. "Meeting of the Parties" means the Conference of the Parties established pursuant to Article 8 (*see paragraphs 197-197.4*) of this Protocol.

47. "Montreal Protocol" means the 1987 Montreal Protocol on Substances that Deplete the Ozone Layer, as subsequently adjusted and amended.

48. "National emission" means emissions of greenhouse gases attributable to an activity performed by a citizen or a company of a country.

49. "Net anthropogenic emissions of greenhouse gases" means the difference between anthropogenic emissions and anthropogenic sinks during the concrete period.

50. "Net anthropogenic emissions" of greenhouse gases is the calculated difference between emissions by sources and removals by sinks.

51. "Objective" means the ultimate objective stated in Article 2 of the Convention.

52. "Parties" means the Parties to the present Protocol.

53. "Parties" means those States or regional economic integration organizations (as defined in Article 1, paragraph 6 of the Convention) as to which this Protocol has entered into force in accordance with its terms.

54. "Parties to the Convention" means Parties for whom the Convention has legally entered into force in accordance with the provisions of the Convention.

55. "Parties to the Convention" means those States or regional economic integration organizations as to which the Convention has entered into force in accordance with its terms, whether or not they are Parties to this Protocol.

56. "Party" means, [unless otherwise stipulated,] a Party to this Protocol.

57. "Pre-industrial level" in relation to global average temperatures means the 1860 to 1880 average global mean surface temperature.

58. "Principles" means, unless the context otherwise requires, the principles stated in Article 3 of the Convention.

59. "Projected population growth" means the projected percentage change in population level for the period for which a QELRO applies relative to the agreed reference period.

60. "Projected real GDP per capita growth" means the projected percentage change in real per capita GDP level for the period for which a QELRO applies relative to the agreed reference period.

61. "Protocol" means this [*insert full name of Protocol, (followed by date and place of adoption and date and place it is opened for signature*)].

62. "Quota of net anthropogenic emissions of greenhouse gases" means the total sum of annual net anthropogenic emissions of greenhouse gases (calculated in terms of carbon equivalent) permitted by this Protocol for a Party for this period of commitments.

63. "Secretariat" means the permanent secretariat designated by the Conference of the Parties in accordance with Article 8, paragraph 3 of the Convention.

64. "The secretariat" means the secretariat [established under Article 8] of the Convention.

65. "Tonne of carbon equivalent" means one metric tonne of carbon, or a quantity of one or more other greenhouse gases equivalent to one metric tonne based on the GWPs set forth in Annex C of this Protocol.

66. "Tonne of carbon equivalent" means the amount of carbon dioxide (or other greenhouse gas calculated by GWP) in terms of tonnes of carbon (44/12 of one tonne of carbon dioxide is equal to one tonne of carbon).

67. "Voluntary goal" means _ *(to be drafted)*.

68. *Other definitions to be developed or cross-referenced to the Convention as necessary.*

69. Unless the context of a provision otherwise indicates, the plural form of the terms defined in paragraphs 3, 4 and 6 (*see paragraphs 53, 55 and 24*) shall include the singular.

C. Objective

Proposal 1

70. As a further step towards achievement of the objective of the Convention, the Parties listed in Annex A[2] accept the need to take appropriate action for the period beyond 2000, including the strengthening of commitments, with a view to achieving a collective emission limitation and reduction objective of _ .

Proposal 2

71. The objective of this Protocol and any related legal instruments is the same as Article 2 of the Convention and paragraph 2 of the Berlin Mandate.

Proposal 3

72. The objective of this Protocol is to contribute to achieving the ultimate objective provided for in Article 2 of the Convention, by incurring, to the maximum extent possible, new obligations as fairly and effectively as possible on the Parties included in Annex I to the Convention, and also by voluntary measures to be taken by all Parties including the Parties not included in Annex I to the Convention, in due consideration of Decision 1 of the first session of the Conference of the Parties to the Convention on 7 April 1995, and with due regard to the varied circumstances faced by the Parties, and of policies and measures so far implemented by them for the purpose of limiting their anthropogenic emissions of greenhouse gases and protecting and enhancing their greenhouse gas sinks and reservoirs.

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[2] *Note to reader: See paragraph 253 on Parties included in Annex A in this proposal.*

Proposal 4

73. The objective of this Protocol is, in accordance with the statements of the Convention and this Protocol, to undertake in the period after 2000 future steps to achieve the ultimate objective of the Convention, as fixed in its Article 2.

Proposal 5

74. This protocol/another legal instrument shall contribute to achieving the ultimate objective of the Convention as defined by its Article 2, and to strengthening the commitments under Article 4.2(a) and (b), in accordance with Article 4.2(d) of the Convention.

Proposal 6

75. The Parties to this Protocol shall be guided by the objective referred to in Article 2 of the Convention.

75.1 In this respect, Parties shall be guided, inter alia, by the assessments from the IPCC. In taking note of the serious risk of an increase of the global average temperature and particularly the very high rate of change, Parties believe that global average temperatures should not exceed 2 degrees Celsius above pre-industrial level and that, therefore, concentration levels lower than 550 ppmv CO_2 should guide global limitation and reduction efforts. This means that the concentrations of all greenhouse gases should also be stabilized.

Proposal 7

76. The guiding objective of this Protocol shall be to ensure that global mean sea level rise resulting from climate change does not exceed 20 centimetres above 1990 levels and that the global average temperature does not exceed 2 degrees Celsius above the pre-industrial level.

D. Principles

Proposal 1

77. The largest share of historical and current global emissions of greenhouse gases has originated in developed countries, and the per capita emissions in developing countries are still relatively low and the share of global emissions originating in developing countries will grow to meet their social and development needs.

77.1 The special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken on limiting greenhouse gases should be taken fully into account.

77.2 Response to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account the legitimate economic growth and the eradication of poverty.

77.3 The developed country Parties should take the lead in combating climate change and the adverse effects thereof.

77.4 The specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and of those Parties that would have to bear a disproportionate or abnormal burden under the Protocol, should be given full consideration.

77.5 The Parties should cooperate to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties, particularly developing country Parties, thus enabling them better to address the problems of climate change. Measures taken to combat climate change, including unilateral ones, should not constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade.

77.6 Nothing in this instrument shall be interpreted in any manner that would prejudice the obligations and commitments of Annex I Parties under the Convention.

77.7 In the implementation of the commitments in this instrument, the Parties shall give full consideration to what actions are necessary under the instrument, including actions related to funding, insurance and the transfer of technology, to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and/or the impacts of the implementation of response measures, especially on:

a) Small island countries;

b) Countries with low-lying coastal areas;

c) Countries with arid and semi-arid areas, forested areas and areas liable to forest decay;

d) Countries with areas prone to natural disasters;

e) Countries with areas liable to drought and desertification;

f) Countries with areas of high urban atmospheric pollution;

g) Countries with areas with fragile ecosystems, including mountainous ecosystems;

h) Countries whose economies are highly dependent on income generated from the production, processing and export of oil; and

i) Land-locked and transit countries.

77.8 The Parties shall take into consideration in the implementation of the commitments of the instrument the situation of Parties, particularly developing country Parties, with economies that are vulnerable to the adverse effects of the implementation of measures to respond to climate change. This applies notably to Parties with economies that are highly dependent on the production, processing and export of oil for which such Parties have serious difficulties in switching to alternatives.

77.9 Nothing in this instrument shall be interpreted as introducing any new commitment for non-Annex I Parties to the Convention.

Proposal 2

78. In their efforts to implement policies and measures to achieve the objective of the Convention, the Parties affirm the need to be guided by the following principles:

(a) The need to take precautionary measures to anticipate, prevent or minimize the causes of climate change and mitigate its adverse effects on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities;

(b) Ensure global benefits at the lowest possible cost through cost-effective measures that take into account different socio-economic contexts, are comprehensive, cover all relevant sources, sinks and reservoirs of greenhouse gases, comprise all economic sectors, and may be carried out cooperatively by interested Parties;

(c) Equitable and appropriate contributions from each of the Parties undertaking quantified emission limitations and reduction objectives, reflecting their differences in starting points and approaches, their economic structures and resource bases, available technologies and other national circumstances; and

(d) The need to promote a supportive and open international economic system that would lead to sustainable economic growth and development in all Parties.

78.1 Quantified emission limitation and reduction objectives under this Protocol shall be based on principles that constitute a basis on which further strengthening of such objectives can be facilitated as evolving scientific findings require.

Proposal 3

79. In their activities, the Parties to the Protocol are guided by the principles fixed in Article 3 of the Convention. The Protocol should not change or replace statements of the Convention, including its principles.

Proposal 4

80. All the principles of the Convention, as contained in its Article 3, shall apply to this protocol/another legal instrument.

Proposal 5

81. In their actions to achieve the objective of the Protocol and to implement its provisions, the Parties shall be guided by the principles enumerated in Article 3 of the Convention.

Proposal 6

82. Parties shall take precautionary measures to anticipate, prevent or minimize the causes of climate change and mitigate its adverse effects. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing such measures.

82.1 Parties shall take fully into account the specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, that would have to bear a disproportionate or abnormal burden under the Convention.

82.2 Parties shall take fully into account the specific needs and special circumstances of low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountain ecosystems that are particularly vulnerable to the adverse effects of climate change.

Additional comment

83. *Parties should negotiate targets that are credible, realistic and can be implemented in a cost-effective way. Parties should have maximum flexibility in implementing their obligations and to this end should have the right to avail themselves of opportunities for reductions that may arise from different mechanisms regarding timing, for example, budgets and multi-year targets and baselines, and location, for example credited joint implementation and emissions trading.*

II. STRENGTHENING THE COMMITMENTS IN ARTICLE 4.2(a) and (b)

A. Policies and measures

Proposal 1

84. The Parties listed in Annex I to the Convention shall adopt coordinated policies and measures to assist implementation of their commitments, to combat climate change and the adverse effects thereof. The adoption of such policies and measures shall be based on the

advice provided by the coordination mechanism established pursuant to Article 4 (*see paragraphs 204-204.3*).

Proposal 2

85. Each Party listed in Annex A[3] shall prepare a National Action Plan (NAP) to facilitate implementation of its commitments under Article 4 (*see paragraphs 111.1-111.2*), which shall include national policies and measures for the mitigation of climate change, aimed at limiting anthropogenic emissions of greenhouse gases and protecting and enhancing greenhouse gas sinks and reservoirs. Each NAP shall contain a detailed description of those policies and measures and a specific estimate of the effects that they will have on anthropogenic emissions by sources and removal by sinks of greenhouse gases, together with performance indicators by which each Party could demonstrate its performance in implementing those policies and measures.

Proposal 3

86. Parties listed in Annex I to the Convention [OR Annex X of this agreement] shall adopt and implement policies and take corresponding measures within national, and, where appropriate, regional programmes, established in accordance with paragraphs 4.1(b) and 4.2(a) of the Convention in order to mitigate climate change by limiting greenhouse gases emissions and protecting and enhancing their greenhouse gas sinks and reservoirs.

86.1 *Parties listed in Annex X shall agree to adopt, and define adequate mechanisms to report on, the coordinated or common policies and measures listed in this agreement on the understanding that Parties will continue to retain maximum flexibility in deciding how best, based on their national circumstances, they can reach emission limitation/reduction objectives.*

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[3] *Note to reader: See paragraph 253 on Parties included in Annex A in this proposal.*

86.2 *Hence, for this agreement, policies and measures agreed to will focus on information sharing, common underlying messages and voluntary activities. Over time, the agreement should be sufficiently flexible to allow for amendments/additions in an expeditious manner by the Parties to this agreement. In order to implement policies and measures listed in this agreement, Parties shall use existing mechanisms, to the extent possible, without duplicating work in other bodies.*

Proposal 4

87. Parties listed in Annex X[4] shall adopt and implement policies and take measures within national and, where appropriate, regional programmes referred to in paragraph 4.1(b) of the Convention to limit and reduce anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol from all relevant sectors, including renewable energies; energy efficiency standards, labelling and other product-related measures; CO_2 emissions from the transportation sector; economic instruments in the field of climate change; energy policies; industrial sector emissions, including voluntary agreements; agriculture; emissions from waste; fluorocarbons and sulphur hexafluoride (SF_6); municipal actions; and to protect and enhance sinks and reservoirs, including forests.

87.1 Parties listed in Annex X shall adopt and implement the policies and measures set out in [List] A.

87.2 Parties listed in Annex X shall give high priority to the adoption and implementation of the policies and measures set out in [List] B, and shall work towards their early coordination, by applying the guidance set out in the [List].

87.3 Parties listed in Annex X shall give the policies and measures in [List] C priority for inclusion in national programmes, as appropriate to national circumstances.

Proposal 5

88. In order to reduce the emissions of greenhouse gases, there are a number of alternatives, inter alia:

(a) Energy prices shall be allowed to reach a reasonable level;

(b) Removal of subsidies on coal as the most polluting source of energy;

(c) Promotion and development of renewable sources of energy, including solar, nuclear and biomass, and ensuring that all countries have access to related material, equipment and technology through removal of all restrictions;

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[4] *Note to reader: See paragraph 254 for a list of Parties included in Annex X in this proposal.*

(d) Enhancement of sinks through reforestation and combating desertification, and establishing regulations for sustainable forest woods use; and

(e) Exchange of climate change technology know-how among different countries.

Proposal 6

89. Each Party included in Annex I to the Convention, in order to achieve the quantified objective referred to in Article 3, paragraph 1 (*see paragraph 114*) and to implement Article 3, paragraph 2 (*see paragraph 114.1*) , shall adopt appropriate policies and take corresponding measures in each of the following areas:

(a) Efficient use of energy;

(b) Introduction of carbon free or low-carbon energy;

(c) Innovative technological development;

(d) International technical cooperation and transfer of technologies; and

(e) Protection and enhancement of sinks and reservoirs of greenhouse gases not controlled by the Montreal Protocol.

89.1 The policies and measures in each area referred to in paragraph 89 above shall be included in a list to this Protocol.

89.2 The Meeting of the Parties shall, at its first session, decide on indicators regarding the policies and measures referred to in paragraph 89 above, in order to achieve the quantified objective referred to in Article 3, paragraph 1 and to implement Article 3, paragraph 2. Each Party included in Annex I to the Convention shall establish voluntary goals measured in these indicators.

89.3 Each Party included in Annex I to the Convention shall make its national plan of the limitations and reductions of anthropogenic emissions by sources and the increments of removals by sinks of greenhouse gases not controlled by the Montreal Protocol, in order to achieve the quantified objective referred to in Article 3, paragraph 1 and to implement Article 3, paragraph 2.

Proposal 7

90. Each Annex [*] Party[5] shall have the discretion to select those policies and measures that are best suited to its national circumstances for meeting its emission limitation commitments.

90.1 Notwithstanding paragraph 90, all Parties shall progressively phase out fossil fuel subsidies.

90.2 Notwithstanding paragraph 90, all Parties are urged to cooperate through the International Civil Aviation Organization (ICAO) in the development of policies and measures to address greenhouse gas emissions from international aviation bunker fuels.

90.3 Notwithstanding paragraph 90, all Parties are urged to cooperate through the International Maritime Organization (IMO) in the development of policies and measures to address greenhouse gas emissions from international marine bunker fuels.

Proposal 8

91. The QELROs for each developed country Party listed in Annex I to the Convention, as set out in Annex A[6] of this Protocol, can be met by policies and measures that:

(a) Limit or reduce anthropogenic emission levels of greenhouse gases not controlled by the Montreal Protocol;

(b) Remove greenhouse gases by sinks and reservoirs; and

(c) Are implemented in accordance with the provisions of Article 8 (*Cooperative efforts by interested Parties*) (*see paragraph 150*) and have demonstrated effects as described in (a) and (b) to this paragraph.

91.1 To enhance the level of climate change abatement cooperation, these Parties shall cooperate to establish internationally coordinated cross-sectoral, cost-effective policy instruments, and abolish subsidies that run counter to the objectives of the Convention.

Proposal 9

92. A detailed list of possible policies and measures to be implemented by

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[5] Note to reader: *See paragraph 259 on Parties included in Annex [*] in this proposal.*

[6] Note to reader: *See paragraph 269 for an explanation of Annex A in this proposal.*

Annex A and Annex B Parties[7] is contained in Annex D of the Protocol.

92.1 Each Annex A and Annex B Party determines its policy directions and measures from this list, in accordance with Annex C, and these are then declared in its national communications. Under this procedure, such policies and measures become mandatory for the Parties.

92.2 On the basis of policies and measures determined by Annex A and Annex B Parties in their national communications, any group of Parties to the Protocol can agree to elaborate common directions of policies and measures which then become obligatory for this group of Parties. (*Note: Annex C (list of GWPs for greenhouse gases not controlled by the Montreal Protocol) and Annex D (list of possible policies and measures) are to be added*).

Proposal 10

93. Each of the Parties included in Annex I to the Convention shall:

(a) Adopt national policies and measures necessary to limit and reduce emissions by sources and to protect and enhance its greenhouse gas sinks and reservoirs to modify longer term trends in anthropogenic emissions consistent with the objective of the Convention, and identify environmental and economic impacts and results that could be achieved with regard to time horizons such as 2005, 2010 and 2020; and

(b) Ensure that these policies and measures applied by each of these Parties will have no adverse impacts on socio-economic conditions of developing country Parties, especially those listed in Article 4.8 of the Convention.

93.1 These policies and measures, applied by each of these Parties included in Annex I to the Convention, shall:

(a) Address all greenhouse gases, their emissions by sources and removals by sinks, and all relevant sectors;

(b) Contribute to the stabilization of greenhouse gas concentrations in the atmosphere as elaborated in Article 2 of the Convention; and

(c) Include, and maintain a balance between, those policies and measures aimed at reducing emissions of greenhouse gases in emitting sectors and those aimed at reducing consumption of their products.

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[7] *Note to reader: See paragraph 256 on the listing of Parties in Annexes A and B in this proposal.*

93.2 Each Party included in Annex I to the Convention shall take fully into account the provisions contained in Article 4.8 in the implementation of their policies and measures, which shall be in accordance with Article 3.5 of the Convention.

Proposal 11

94. In accordance with the provisions of Articles 3 and 4 of the Convention, each Party listed in Annex I must adopt real policies and quantified objectives for the reduction and mitigation of its emissions of greenhouse gases. To this end, it must draw up a National Plan for limiting and reducing anthropogenic emissions by sources and enhancing removal by sinks and reservoirs of greenhouse gases. Included in this plan will be the possibility of carrying out joint implementation projects. The national plans to be drawn up must be forwarded to, and registered with, the Conference of the Parties, and are binding on the submitting Party.

94.1 The Parties to the Convention which have greenhouse gas emission reduction commitments must quantify, report, reduce and mitigate their national emissions of greenhouse gases.

Proposal 12

95. Parties listed in Annex XX[8] shall adopt and implement the policies and measures set out in List AA.

95.1 Parties listed in Annex XX shall give high priority to the adoption and implementation of the policies and measures set out in List BB and shall work towards their early coordination.

Additional elements of proposals with respect to policies and measures

96. Each Party has a right to apply policies and measures compatible with its national development programmes so long as they are not harmful to the development of developing countries, particularly fossil fuel exporting developing countries, and are cost effective.

97. Commitments shall be fulfilled individually and not through coordinated actions. [CO_2 and energy taxation in particular shall be ruled out.]

98. Parties not listed in Annex I to the Convention [may][are encouraged to], on a voluntary basis, undertake the policies and measures noted in subparagraphs [_] - [_] (*including lists of policies and measures*).

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[8] *Note to reader: See paragraph 258 for an explanation of Annex XX in this proposal.*

99. Annex I Parties shall maintain balance between those policies and measures intended to reduce domestic production and those intended to reduce the consumption of products of greenhouse gas emitting sectors.

100. Policies and measures to address climate change under this instrument shall not be harmful to the development of the developing country Parties, particularly oil exporting developing countries. To this effect, restructuring of current taxes on fossil fuels in Annex I countries are necessary. A balance shall be maintained between policies and measures aimed at reducing emissions of greenhouse gases in emitting sectors and those aimed at reducing consumption of their products. The introduction of new or increased oil taxation shall be ruled out. Instead, energy prices shall be allowed to reach their reasonable market level. Commitments shall be fulfilled individually and not through coordinated actions.

101. Each Annex I Party shall give the first priority to policies and measures intended to eliminate subsidies, tax incentives and other market imperfections existing in greenhouse gas emitting sectors;

101.1 New greenhouse gas taxes cannot be introduced by Annex I Parties until they restructure their existing tax system to truly reflect the relative contribution of greenhouse gases of each unit of emitting sources in all economic sectors.

102. Policies and measures shall include the enhancement of sinks through reforestation, combatting desertification and establishing regulations for sustainable forest use.

B. Quantified emission limitation and reduction objectives within specified time-frames (QELROs)

1. Introductory comments by the Chairman

Legal character

103. *All but one proposal reflected the view that the QELROs should be legally-binding.*

Coverage

104. *The alternatives which follow encompass the following options:*

(a) QELROs should apply to greenhouse gases not controlled by the Montreal Protocol:

(i) As a basket;

(ii) As a limited basket (for example, all gases except those for which there is insufficient knowledge of GWP or inability to measure emissions and removals; or for CO_2, methane (CH_4) and nitrous oxide (N_2O) initially with hydrofluorocarbon (HFC), perfluorocarbon (PFC) and SF_6 to be added no later than 2000); or

(iii) On a gas-by-gas basis.

(b) QELROs should apply to CO_2 alone initially.

105. *The alternatives also reflect a range of views on the inclusion of removals by sinks. Some Parties prefer that sinks and sources be treated equally, while other Parties have proposed alternative approaches for taking sinks into account. The coverage of all relevant sectors is also addressed.*

106. *A number of Parties addressed methodological issues relating to the basket approach including inventories, issues of equivalence between gases and GWPs.*

107. *These matters will need to be taken up in the context of the further consideration of the negotiating text.*

2. Atmospheric concentration

Proposal 1

108. Parties shall cooperate in the establishment of a long-term goal with respect to atmospheric concentrations of greenhouse gases.

Proposal 2

109. QELROs shall be adopted and reviewed in the light of the best available scientific information and assessment on climate change and its impacts, as well as relevant technical, social and economic information, to ensure that greenhouse gas concentrations in the atmosphere do not cause global mean sea level rise to exceed 20 centimetres above 1990 levels and that the global average temperature does not exceed 2 degrees Celsius above the pre-industrial level.

3. Level and timing

Proposal 1

110. Each of the Annex I Parties shall:

(a) Reduce its 1990 level of anthropogenic emissions of CO_2 by at least

20 per cent by 2005; and

(b) Adopt specific targets and timetables to limit or reduce other greenhouse gases not controlled by the Montreal Protocol, including targets and timetables for methane, nitrous oxide and fluorocarbons, in accordance with a programme of additional commitments to be negotiated and adopted by the first Meeting of the Parties.

Proposal 2

111. In their actions to achieve the objective of the instrument and to implement its provisions, the Parties shall give effect, inter alia, to the following:

(a) The Parties affirm that to ensure equity between them and to maximize the environmental effectiveness of this instrument, commitments under Part II (*commitments of specified Parties*) of this instrument are governed by the principle that mitigation action by Parties listed in Annex A[9] shall result in those Parties incurring equal percentage changes in per capita economic welfare;

(b) The Parties affirm that commitments under Part II of this instrument reflect:

(i) The need for equitable and appropriate contributions for each of the Parties undertaking commitments, their differences in starting points and approaches, their economic structures and resource bases, the need to maintain strong and sustainable economic growth, available technologies and other individual circumstances; and

(ii) The situation of those Annex A Parties with economies that are highly dependent on income generated from the production, processing and export and/or consumption of fossil fuels and associated energy-intensive products and/or the use of fossil fuels for which such Parties have serious difficulties in switching to alternatives.

(c) The Parties affirm that the requirements of the principles set out in subparagraphs (a) and (b) above are best met through the application of the following indicators, as elaborated in Article 4(c) (*see paragraph 111.2*):

(i) Projected population growth;

(ii) GDP per capita growth;

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[9] *Note to reader: See paragraph 253 on Parties included in Annex A in this proposal.*

(iii) Emission intensity of GDP;

(iv) Emission intensity of exports; and

(v) Fossil fuel intensity of exports[10].

111.1 Each of the Parties listed in Annex A shall aim to achieve the QELRO listed for it in that Annex for the limitation and reduction of anthropogenic emissions by sources and sinks of all greenhouse gases not controlled by the Montreal Protocol. The range within which each Party's differentiated QELRO would fall will be between a 30 per cent reduction by 2010 from its 1990 level of such emissions and a 40 per cent increase by 2010 over its 1990 level of such emissions.[11]

(bis) Process for setting of QELROs and review of QELROs under Article 7(a) (*see paragraph 175*) for each of the Parties or groups of Parties listed in Annex A:

(a) By a specified date (one month before the date stipulated in subparagraph (b) below), Parties shall specify a collective Annex A QELRO or an indicative range for a collective Annex A QELRO to guide the submission of QELRO proposals by each of the Annex A and prospective Annex A Parties. This collective QELRO shall fully reflect the most recent information regarding the scientific understanding, technological developments, economic and other socio-economic factors relating to global climate change, in accordance with the requirements of Article 3 (*see paragraph 111*);

(b) Each Annex I Party and any other Party electing to be listed in Annex A should submit a conditional initial QELRO proposal by a stipulated date in which it specifies the QELRO which it is willing to assume through applying the requirements of Article 3 to its particular circumstances and any other relevant individual circumstances. Such proposals should contain sufficient information to enable other Parties to meet the requirements of subparagraph (d) below. Parties should explain in their proposals, utilizing internationally accepted data, the factors affecting their anthropogenic emissions by sources and sinks of all greenhouse gases not controlled by the Montreal Protocol, the requirements of Article 3 with reference to the indicators elaborated in Article 4(c) and any other relevant individual circumstances, and should explain in specific detail how the application of these indicators individually or in combination has guided that Party in the determination of its particular

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[10] *This set of indicators would be generally applicable, but other countries may wish to propose additional indicators which they consider important in capturing the different sources of economic welfare impacts across countries.*

[11] *This range is drawn from the Annex to the European Union Environment Council conclusions on climate change of 2-3 March 1997 and is, therefore, needed to ensure appropriate accountability relating to each Annex A party in meeting its QELRO commitments contained in this instrument.*

QELRO. In the case of proposals involving regional economic integration organizations, such organizations or their members should indicate which provisions of Article 8 (*see paragraph 111.3*) they will be seeking to avail themselves of in implementing their QELRO commitments;

(c) All QELRO proposals shall be circulated to all Parties in the negotiations in order to provide transparency;

(d) Negotiations will take place among Parties which have submitted initial QELRO proposals. These negotiations will take place in the two month period following the date stipulated in subparagraph (b) above and shall be conducted on the basis of the submitted proposals and other relevant information. Such Parties should assess the QELROs proposed to satisfy themselves that they:

(i) Reflect a reasonable application of the indicators in Article 4(c); and

(ii) Meet the requirement of comparable levels of effort by each of the Annex A and prospective Annex A Parties in contributing further to achieving the objective of the Convention, in accordance with Article 3(a) and (b) (*see paragraphs 111(a) and (b)*).

(e) In order to facilitate the negotiations under subparagraph (d) above, any Annex A or prospective Annex A Party may request specific information from any other Party who has submitted a QELRO proposal, including estimation of the effects of existing policies and measures and proposed new measures on emission projections. Parties shall respond to such requests in an expeditious manner;

(f) The initial QELRO proposals will be the subject of a review and assessment process by all Parties, taking place in the two month period following the date stipulated in subparagraph (b) above, to determine:

(i) Whether there should be any adjustment to the specified collective Annex A QELRO under subparagraph (a) above; and

(ii) Whether Parties should be invited to submit revised QELRO proposals to ensure equitable and appropriate contributions in meeting the collective QELRO, or to further enhance the collective QELRO. Any such revised QELRO proposals would be the subject of further negotiations in accordance with subparagraph (d) above and should conclude within the three month period following the date stipulated in subparagraph (b) above.

(g) After negotiations on QELRO proposals are concluded, each Annex A and prospective Annex A Party shall communicate its resultant negotiated QELRO to the

secretariat for inscription into Annex A. The resultant collective Annex A QELRO should be inscribed in Article 2 (*see paragraph 70*).

111.2 The commitments of Parties as listed in Annex A shall, consistent with the principles set out in Article 3 of the Convention, reflect fully the situation of each Party or specified group of Parties in respect of the following indicators, recognizing that the importance of each indicator varies in accordance with individual circumstances for each Party or specified group of Parties:

(a) Projected population growth - the permitted emission level under the QELRO applicable to each Annex A Party should be determined, all other things equal, in direct relationship to its projected population growth and so as to ensure equal percentage changes in per capita economic welfare across Annex A Parties from mitigation action;

(b) Projected real GDP per capita growth - the permitted emission level under the QELRO applicable to each Annex A Party should be determined, all other things equal, in direct relationship to its projected growth of real GDP per capita and so as to ensure equal percentage changes in per capita economic welfare across Annex A Parties from mitigation action;

(c) Emission intensity of GDP - the permitted emission level under the QELRO applicable to each Annex A Party should be determined, all other things equal, in inverse relationship to its emission intensity of GDP. However, the strength of this relationship may be decreased, and in some circumstances reversed, according to the industry structure of the economy and the difficulty the Party has in switching to alternative fuel sources. In addition, the determination of the permitted emission level under the QELRO applicable to each Annex A Party should also recognize that the higher a Party's emission intensity of GDP, all other things equal, the greater the absolute magnitude of the emission reduction task and, therefore, the greater the change in per capita economic welfare from mitigation. The determination should ensure equal percentage changes in per capita economic welfare across Annex A Parties from mitigation action;

(d) Emission intensity of exports - the permitted emission level under the QELRO applicable to each Annex A Party should be determined, all other things equal, in direct relationship to its emission intensity of exports while taking into account the extent to which the Annex A Party's export partners comprise non-Annex A Parties. The determination should ensure equal percentage changes in per capita economic welfare across Annex A Parties from mitigation action; and

(e) Fossil fuel intensity of exports - the permitted emission level under the QELRO applicable to each Annex A Party should be determined, all other things equal, in direct relationship to its fossil fuel intensity of exports and so as to ensure equal percentage changes in per capita economic welfare across Annex A Parties from mitigation action.

111.3 Regional Economic Integration Organizations

(a) States which are members of a regional economic integration organization may cooperate in the implementation of their commitments under this instrument. Such organizations may assist their members in implementing their commitments by taking appropriate action within their field of competence. Such action may include the adoption of policies and the taking of measures on an organization-wide basis;

Organization a Party and no member States are Parties

(b) Any regional economic integration organization may become a Party to this instrument without any of its member States becoming a Party only if it certifies in its instrument of ratification, acceptance, approval or accession that under its internal constitutional arrangements the organization itself has sufficient competence to ensure full compliance with all obligations of that organization under the instrument, including those in respect of achievement of its QELRO and implementation of policies and measures. In such cases, the regional economic integration organization shall be bound by all the obligations under the instrument on behalf of all of its members. A single QELRO shall be inscribed for the organization in Annex A. To ensure a level of transparency equivalent to that required of other countries to which this instrument applies, the individual QELRO applicable to each member State under any internal arrangement shall also be listed immediately below the inscription for the organization;

Both organization and one or more member States are Parties

(c) In the case of such organizations, one or more of whose members is also a Party to the instrument, the following provisions shall apply:

(i) In respect of QELRO commitments under this instrument, if a regional economic integration organization certifies in its instrument of ratification, acceptance, approval or accession that under its internal constitutional arrangements the organization itself has sufficient competence to ensure full compliance with the QELRO commitment listed for it in Annex A, the organization may elect to be solely responsible for meeting that commitment. In such circumstances, a single QELRO shall be inscribed for the organization in Annex A. To ensure a level of transparency equivalent to that required of other Parties, the individual QELRO applicable to each member State under any internal arrangement shall also be inscribed in Annex A, but such member States shall not individually be responsible under this instrument for performance of such QELROs;

(ii) In the absence of the certification of competence required in subparagraph (i) above, the QELROs applicable to each member State

shall be inscribed in Annex A. Each member State shall individually be responsible for performance of that QELRO to the same extent that other Parties listed in that Annex are for the QELROs listed for them;

(iii) The Party or Parties responsible under subparagraphs (i) and (ii) above for performance of QELRO commitments shall also be responsible for obligations under this instrument to report on performance of those commitments; and

(iv) In respect of commitments under this instrument other than QELRO commitments and the reporting obligations referred to in subparagraph (iii) above, an organization and its member States shall decide on their respective responsibilities for the performance of such obligations and shall notify the Depositary of that apportionment of responsibility in their respective instruments of ratification, acceptance, approval or accession. In such cases, the organization shall be bound to perform that part of the obligations it notifies that it will undertake and the member States shall each be bound to perform all other obligations. In the absence of such notification, the member States shall individually be responsible for performance of all such obligations.

(d) Without limiting the scope of any of the foregoing provisions, the ratification, acceptance, approval or accession of regional economic integration organization shall not be effective unless and until the following two conditions are met:

(i) The organization has declared in detail in its instrument of ratification, acceptance, approval or accession the precise nature and extent of its competence with respect to matters governed by the instrument, with reference to particular treaty provisions, laws, measures, procedures, decisions, administrative actions, directives, regulations, recommendations, opinions or any other materials; and

(ii) The Meeting of the Parties has determined that a declaration so made satisfies the requirements of this Article.

At its first session, after the lodgment of such an instrument of ratification, acceptance, approval or accession, the Meeting of the Parties shall review it for that purpose and may request further information and/or make appropriate recommendations to such organizations. These organizations shall also inform the Depositary, who shall, in turn, inform the Parties, of any substantial modification in the extent of their competence.

Alteration in composition of regional economic integration organizations

(e) Except as provided in subparagraph (f) (ii) and (iv) below, the rights and obligations of a regional economic integration organization under the instrument shall apply only in respect of its membership as of the date of the adoption of this instrument;

(f) In the event of any alteration to the composition of a regional economic integration organization by way of enlargement, withdrawal, union of States or partition of States the following provisions shall apply:

(i) The organization shall notify the secretariat and the Depositary of the alteration in the composition of the organization;

(ii) At the next scheduled review of commitments of Parties under Article 7 (*see paragraphs 175-175.4*) the Meeting of the Parties may decide whether and on what terms the alteration in composition of the organization shall, by way of exception to subparagraph (e) above, be recognized for the purposes of this instrument. If a country undergoing the process of transition to a market economy joins such an organization and the Meeting of the Parties decides that it should be regarded as a member of the organization for the purposes of this instrument, any provisions of this instrument applying specifically to countries undergoing the process of transition to a market economy shall no longer apply to that country, as of the date of the decision of the Meeting of the Parties;

(iii) At the review of commitments referred to in subparagraph (ii) above, the Parties shall, to ensure that commitments of all Annex A Parties continue to be shared as equitably as possible, take into account, in addition to the factors listed in Article 7(c) (*see paragraph 175.2*), the implications of the alteration in composition of the organization for the level and distribution of commitments of all Annex A parties; and

(iv) If a member State of a regional economic integration organization which is a Party to the instrument withdraws from that organization it shall be treated as no longer being a member of the organization for the purposes of this instrument as of the date of notification of withdrawal under subparagraph (i) above unless otherwise decided by the Meeting of the Parties as part of the review referred to in subparagraphs (ii) and (iii) above. In the event that a withdrawing member State does not have a separate QELRO listed for it in Annex A, that Party shall negotiate with other Parties in accordance with procedures established for the setting of commitments to agree upon an equitable and appropriate QELRO for that Party.

Proposal 3

112. Each of the Parties listed in Annex X[12] shall, individually or jointly, abide by quantified objectives to achieve significant overall reductions, after 2000 below 1990 levels within specified time-frames of anthropogenic emissions by sources and enhancement of removals by sinks of greenhouse gases not controlled by the Montreal Protocol, as set out in Annex Y[13].

112.1 In elaborating quantified limitation and reduction objectives, Parties should take into account the differences in Parties' starting points and approaches, economic structures and resource bases, the need to maintain stronger and sustainable economic growth, available technologies and other individual circumstances, as well as the need for equitable and appropriate contributions by each of these parties to the global effort.

Proposal 4

113. The Parties listed in Annex I to the Convention shall cooperate to ensure that their total aggregate [annual average] net emissions of greenhouse gases for the first period from [20_ to 20_] is [_] per cent lower than their total aggregate emissions of greenhouse gases for [19_] [the period from 19_ to 19_].

113.1 The Parties listed in Annex I to the Convention shall further cooperate to ensure that their total aggregate [annual average] net emissions of greenhouse gases for the second period from [20 _ to 20_] is [_] per cent lower than their total aggregate emissions of greenhouse gases for [19_] [the period from 19_ to 19_].

113.2 [*Further periods, as agreed*]

113.3 To achieve the objectives described in this Article, the Parties recognize the need to take into account the differences in starting points and approaches, economic structures and resource bases, the need to maintain strong and sustainable economic growth, available technologies and other individual circumstances, as well as the need for equitable and appropriate contributions by each developed country Party listed in Annex I to the Convention. Therefore, the allocation of emission limitation and reduction objectives for each of the Parties listed in Annex I to the Convention shall be based on the following indicators calculated for each Party [to be applied on their projected net emissions of greenhouse gases], and adjusted in accordance with other national circumstances:

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[12] *Note to reader: See paragraph 254 for a list of Parties included in Annex X in this proposal.*

[13] *Note to reader: See paragraphs 268-268.2 for an explanation of Annex Y in this proposal.*

(a) An indicator reflecting emission intensity, defined as CO_2 equivalent emissions per unit of GDP;

(b) An indicator reflecting level of greenhouse gas emissions, defined as the share of CO_2 equivalent emissions per capita;

(c) An indicator reflecting the level of economic development, defined as GDP per capita;

(d) An indicator reflecting the share of renewable energy in energy supply; and

(e) _ .

113.4 The QELRO for each developed country Party listed in Annex I to the Convention on the basis of the provisions of this Article, are set out in Annex A to this Protocol.

Proposal 5

114. Each Party included in Annex I to the Convention shall select one of the following two quantified limitation and reduction objectives for its anthropogenic CO_2 emission by sources within the specified time-frames set out below:

(a) To maintain its anthropogenic emissions of CO_2 over the period from [2000 +x] to [2000+x+[5]] at an average yearly level not more than p tonnes of carbon per capita; or

(b) To reduce its anthropogenic emissions of CO_2 over the period from [2000+x] to [2000+x+[5]] at an average yearly level of not less than q per cent below the level of the year 1990.

114.1 The Meeting of the Parties entrusts a study on anthropogenic emissions of greenhouse gases, other than CO_2 not controlled by the Montreal Protocol, to the Subsidiary Body for Scientific and Technological Advice (SBSTA) provided for in Article 9 of the Convention. Until such time as appropriate measures to limit and reduce emissions of such greenhouse gases are decided upon by the Meeting of the Parties, on the basis of the study, each Party included in Annex I to the Convention shall make as much effort as possible not to increase its emissions of such greenhouse gases.

Proposal 6

115. The developed country Parties and other Parties included in Annex A[14] of the Protocol commit themselves to maintain, individually or jointly, their average annual levels of net

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[14] *Note to reader: See paragraph 256 on the listing of Parties in Annex A in this proposal.*

anthropogenic emissions of greenhouse gases in the period from 2000 to 2010 at 1990 levels, or at the level of any other year taken by these Parties as a base year.

115.1 Quantitative objectives to limit and reduce net anthropogenic emissions of greenhouse gases by Annex A Parties to the Protocol after 2010 shall also be regulated. Quantitative objectives for the first period following the period from 2000 to 2010 should be adopted no later than 2007.

115.2 The developed country Parties and other developed Parties included in Annex B[15] to the Protocol, aiming to enhance their commitments and taking into account their real possibilities, shall also adopt the following additional differentiated obligations to reduce their net anthropogenic emissions of greenhouse gases below 1990 levels: [*to be developed on the basis of proposals by Annex II Parties in terms of percentage of net anthropogenic emissions of greenhouse gases from 1990 levels or from the level of another year to be taken as a benchmark*].

115.3 In order to provide each Annex A and Annex B Party with necessary flexibility in the implementation of its commitments fixed in Article 4.1.1 (*see paragraph 115*) of this Protocol, each Annex A and Annex B Party has the right to use quotas of its net anthropogenic emissions of greenhouse gases in the framework of the concrete period for which quantitative objectives are determined and valid. If an Annex A or Annex B Party achieves real reductions in net anthropogenic emissions of greenhouse gases which are greater than that determined by its commitments, this difference (in terms of the sum of annual reductions of tonnes of carbon equivalent) is registered as a contribution to the fulfillment of that Party's commitments for the next period.

115.4 In order to provide each Annex A and Annex B Party with necessary flexibility, if the real reduction in net anthropogenic emissions of greenhouse gases achieved by any such Party in previous years was greater than its appropriate level of commitments, this difference (determined in terms of the sum of annual reductions of tonnes of carbon equivalent) will be accounted for this Party for the next period in its quota of net anthropogenic emissions of greenhouse gases.

Proposal 7

116. As a first step, the global objective of the Protocol is a 10 per cent reduction of the total greenhouse gas emissions of Annex I Parties by 2010 compared to 1990 levels.

116.1 Countries shall be grouped in categories differentiated by increments of 5 tons of annual CO_2 equivalent emissions per capita. The first category shall contain countries with emissions between 3 and 5 tons, the second category countries between 5 and 10 tons, and so

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[15] *Note to reader: See paragraph 256 on the listing of Parties in Annex B in this proposal.*

on. Countries in the same category shall receive the same QELROs, starting, for the first category, with an emission cap (that is, stabilization at 1990 levels beyond 2000).

116.2 The Protocol shall establish legally-binding QELROs for each Party to this Protocol.

Proposal 8

117. For all Annex [*]Parties[16] , emission limitation commitments shall be established on a cumulative basis for *n* emissions budget periods of *y* years each, beginning in [2000+*x*].

117.1 For each Annex [*] Party, the allocation of commitments shall be based on the five year annual average of CO_2 equivalent base emissions.

117.2 In the initial budget period from [2000+*x*] to [2000+*x*+*y*], each Annex [*] Party shall be allowed *q* per cent of the base emissions of gases listed in Annex [C][17] multiplied by *y*.

117.3 For subsequent budget periods, allowed emissions for each Annex [*] Party shall be set in a similar fashion to paragraph 117.2, although the percentage of base emissions allowed, and potentially the length of the budget period, could differ.

117.4 In all budget periods each Annex [*] Party shall be in compliance with its emissions budget, which defines the overall emissions allowed in each budget period, which shall equal the emissions allowed under paragraph 117.2 or 117.3:

(a) Plus any emissions limitation commitment over-achievement, on a CO_2 equivalent basis of gases listed in Annex [C], banked from a previous emissions budget period;

(b) Plus any emissions acquired from another Annex [*] Party from their emissions budget under emissions trading provisions permitted in paragraphs 2.1 and 2.2 (*see paragraphs 137 and 137.1*);

(c) Less any emissions transferred to another Annex [*] Party for their emissions budget under emissions trading provisions permitted in paragraphs 2.1 and 2.2;

(d) Plus any emission reductions acquired through joint initiatives with a non-Annex [*] Party under joint implementation provisions permitted in paragraph 2.3 (*see paragraph 145*);

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[16] *Note to reader: See paragraph 259 on Parties included in Annex [*] in this proposal.*

[17] *Note to reader: See paragraph 273 for an explanation of Annex [C] in this proposal*

(e) Less the CO_2 equivalent emissions of greenhouse gases, listed in Annex [C], from source/sink categories listed in Annex [D][18] to be developed by the SBSTA, or some other body designated for this purpose; and

(f) Plus the CO_2 equivalent sequestration of greenhouse gases, listed in Annex [C], from source/sink categories listed in Annex [D].

117.5 Inventory methodologies recommended by the SBSTA and approved by the Conference of the Parties shall be used to calculate base period emissions to establish emissions allowed under paragraphs 117.2 or 117.3, and budget period emissions to determine compliance with emission budgets.

117.6 The methodologies for the calculation of the CO_2 equivalence of greenhouse gases other than CO_2 shall be developed by the SBSTA, or some other body designated for this purpose, and adopted by the Parties to the [Protocol].

117.7 The process for amending the list of gases and sources in Annex [C], and for sources/sinks listed in Annex [D], shall be developed by the SBSTA, or some other body designated for this purpose, and adopted by the Parties to the [Protocol].

Proposal 9

118. Parties included in Annex I to the Convention, in a comprehensive manner, covering all greenhouse gases, their emissions by sources and removals by sinks and all relevant sectors, shall:

(a) Return to their 1990 levels, anthropogenic emissions of CO_2 and other greenhouse gases not controlled by the Montreal Protocol, by 2000;

(b) Reduce their anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol, by an achievable and realistic percentage of their 1990 levels by 2005, including a 15 per cent reduction of CO_2; and

(c) Further reduce their anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol by 15 to 20 per cent of their 1990 levels by 2010.

118.1 Parties included in Annex I to the Convention that fail to return to their 1990 levels of anthropogenic emissions by 2000 shall reduce their anthropogenic emissions by an additional 5 per cent of their 1990 levels by 2005 and then by an additional 5 per cent by 2010.

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[18] *Note to reader: See paragraph 273.1 for an explanation of Annex [D] in this proposal.*

118.2 Parties included in Annex I to the Convention shall achieve the QELROs contained in paragraphs 118 and 118.1 above, taking fully into account the social and economic impacts of response measures on Parties included in Article 4.8 to the Convention in accordance with Article 3.

118.3 QELROs of each Party included in Annex I to the Convention shall take into account the differences in starting points and approaches, economic structures and resource bases, the need to maintain strong and sustainable economic growth, available technologies and other individual circumstances, as well as the need for equitable and appropriate contributions by each of these Parties to the global effort.

Proposal 10

119. Each Annex A and Annex B Party[19] shall ensure that its net anthropogenic emissions of greenhouse gases do not exceed its emissions budget for any applicable budget period, as specified in this Article.

119.1 For each Annex A and Annex B Party, its emissions budget shall be denominated in tonnes of carbon equivalent emissions allowed and shall equal:

(a) The tonnes of carbon equivalent emissions it is allowed under paragraph 119.2 or 119.3 below; plus

(b) Any tonnes of carbon equivalent emissions allowed that are carried over from a prior budget period under paragraph 119.4 below; plus

(c) Up to [_ per cent] of the tonnes of carbon equivalent emissions allowed under paragraph 119.2 or 119.3 below, such as may be borrowed from the subsequent budget period under paragraph 119.5 below; plus

(d) Any tonnes of carbon equivalent emissions allowed that are acquired from another Party under Article 6 (*international emissions trading*) (*see paragraphs 136-136.2*) or Article 7 (*joint implementation*) (*see paragraphs 143-143.6*); and minus

(e) Any tonnes of carbon equivalent emissions allowed that are transferred to another Party under Article 6 (*international emissions trading*).

119.2 For the first budget period, from [20_ to 20_], each Annex A Party shall have a number of tonnes of carbon equivalent allowed equal to [a percentage of] its net anthropogenic emissions of tonnes of carbon equivalent in 1990, multiplied by [the number of years in this budget period];

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[19] *Note to reader: See paragraphs 255 and 255.1 on Parties included in Annexes A and B in this proposal.*

(a) For the second budget period, from [20_ to 20_], each Annex A Party shall have a number of tonnes of carbon equivalent emissions allowed equal to [a percentage equal to or less than the percentage in paragraph 119.2 above] of its net anthropogenic emissions of tonnes of carbon equivalent in 1990, multiplied by [the number of years in this budget period]; and

(b) [*Possible subsequent budget period(s)*].

119.3 For the budget period from [20_ to 20_], each Annex B Party shall have a number of tonnes of carbon equivalent emissions allowed equal to [*options for Annex B Parties include: budget periods, base years, and/or percentages different from those applicable to Annex A Parties*].

119.4 At the end of a budget period applicable to a Party, any amount by which the Party's emissions of tonnes of carbon equivalent is under its emissions budget for that period may be carried over and added to its emissions budget for the next budget period.

119.5 At the end of a budget period applicable to a Party, any amount of tonnes of carbon equivalent emissions allowed that is borrowed from the subsequent budget period shall be subtracted at a rate of [1.2:1] from the subsequent budget period.

119.6 [*Provision requiring control of greenhouse gases not listed in Annex C*[20]].

Proposal 11

120. *Annex I Parties that return greenhouse gas emissions to 1990 levels by 2000 would reduce emissions by 10 per cent by 2005, by 15 per cent by 2010 and by 20 per cent by 2020. Annex I Parties that fail to return greenhouse gas emissions to 1990 levels by 2000 would reduce emissions by 15 per cent by 2005, 20 per cent by 2010 and 25 per cent by 2020.*

Proposal 12

121. Each Party included in Annex I to the Convention shall, in a comprehensive manner, covering all greenhouse gases, their emissions by sources and removals by sinks and all relevant sectors, taking into account paragraph 121.3 below:

(a) Return to its 1990 levels anthropogenic emissions of all greenhouse gases not controlled by the Montreal Protocol by 2000;

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[20] *Note to reader: See paragraph 271 for an explanation of Annex C in this proposal.*

(b) Reduce its anthropogenic emissions of greenhouse gases by _ per cent of their 1990 levels by 2005; and

(c) Further reduce its anthropogenic emissions of greenhouse gases by _ per cent of their 1990 levels by 2010.

121.1 Each Party included in Annex I to the Convention that fails to stabilize its 1990 levels of anthropogenic emissions by 2000 will be required to exert additional efforts to reduce its emissions by an additional _ per cent of its 1990 levels by 2005 and by an additional _ per cent by 2010.

121.2 Each Party included in Annex I to the Convention shall achieve the objectives contained in paragraphs 121 and 121.1 above, taking fully into account the social and economic impacts of these response measures on Parties included in Article 4.8 of the Convention, in accordance with Article 3.5.

121.3 QELROs of each Party included in Annex I to the Convention shall take into account the differences in starting points and approaches, economic structures and resource bases, the need to maintain strong and sustainable economic growth, available technologies and other individual circumstances, as well as the need for equitable and appropriate contributions by each of these Parties to the global effort.

121.4 Each Party included in Annex I to the Convention shall meet its QELROs through domestic action.

121.5 The compensation mechanism established under *Section C* (*on possible impacts on developing countries of new commitments in the new instrument/socio-economic injuries sustained by developing countries*) below shall be available, as appropriate, to developing countries listed in Article 4.8 suffering damage and losses, including social and economic losses, of actions taken under this section.

Proposal 13

122. Parties included in Annex I to the Convention, in a comprehensive manner, covering all greenhouse gases, their emissions by sources and removals by sinks and all relevant sectors, taking into account paragraph 4 (*see paragraph 121.3*), shall:

(a) Return to their 1990 levels anthropogenic emissions of all greenhouse gases not controlled by the Montreal Protocol by 2000;

(b) Reduce their anthropogenic emissions of greenhouse gases by 20 per cent of their 1990 levels by 2005; and

(c) Further reduce their anthropogenic emissions of greenhouse gases by

20 per cent of their 1990 levels by 2010.

122.1 Each Party included in Annex I to the Convention that fails to stabilize its 1990 levels of anthropogenic emissions by 2000 will be required to exert further efforts to reduce its emissions by an additional 5 per cent of its 1990 levels by 2005 and by an additional 5 per cent by 2010.

Proposal 14

123. Annex XX Parties[21], individually or jointly, shall reduce their emission levels for CO_2, CH_4 and N_2O together (weighted total, using GWP with a 100 year time horizon) so that this total, in 2005, does not exceed its level for reference year 1990 or the period determined in accordance with Article 4.6 of the Convention.

123.1 Each Annex XX Party shall, [in its instrument of ratification, acceptance, approval or accession,] notify the percentage of intended emission reduction level in accordance with paragraph 123.

123.2 Furthermore, Annex XX Parties shall take effective measures to control and/or, [where appropriate,] to reduce their emission levels for CO_2, CH_4 and N_2O together (weighted total, using GWP with a 100 year time horizon) beyond 2005, taking into account the emission level for reference year 1990 or the period determined in accordance with Article 4.6 of the Convention.

Proposal 15

124. Parties listed in Annex X, individually or jointly, in accordance with the Berlin Mandate, shall reduce emission levels for CO_2, CH_4 and N_2O (aggregated, using GWP with a 100 year time horizon), by 5 per cent by 2005 and by 15 per cent by 2010, relative to the reference year 1990.

124.1 Those Parties which, in accordance with Article 4.2(a) of the Convention, modified their longer-term trends in anthropogenic emissions of CO_2 and other greenhouse gases not controlled by the Montreal Protocol to achieve the objective of the Convention, and reduced their anthropogenic emissions below the reference year of 1990, will use their aggregated reductions achieved in the period from 1990 to 2000 to fulfil the reduction objectives of the Protocol in the period from 2001 to 2015.

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[21] *Note to reader: See paragraph 258 for an explanation of Annex XX in this proposal.*

Proposal 16

125. Parties shall establish greenhouse gas emissions baselines as the average of emissions for the years [_ to _]. Similarly, Parties shall establish target greenhouse gas emissions [for the year[s] _] as the average of emissions in years [_ to _].

Additional elements of proposals with respect to QELROs

126. *The base year for the obligations of Annex I Parties in the new instrument should be that established by the Convention under Article 4.2(b) and Decision 9/CP.2, paragraph 4.*

127. *QELROs have to be selected for Annex I Parties in such a time-frame and quantity as will neither affect the international trade system nor the national income of developing countries, particularly fossil fuel exporting developing countries[, and those for which such Parties have serious difficulties in switching to alternatives].*

128. *Emission reduction commitments should be based on a cumulative emissions basis [22], ideally for all Annex I Parties but at a minimum as an option for those Annex I Parties seeking to implement mechanisms that allow flexibility.*

128.1 *Parties who have established their commitments on a cumulative basis and that, in one time period, have emissions lower than their commitments for that time period, should be able to carry forward such emission reduction over-achievement to a future period.*

128.2 *IPCC inventory methodologies, approved by the Conference of the Parties to the Convention as recommended by the SBSTA, should form the basis of determining compliance with Parties' emission limitation and reduction commitments.*

128.3 *Annex I Party commitments, for a given time period, could be met though a combination of a Party's cumulative emissions in that time period (as measured by emission inventories), less any cumulative emissions over-achievement banked from a previous period, plus trading of commitments between countries who have legally-binding emission limitation and reduction commitments. Comparison of inventory results with national commitments would determine opportunities for trading. Inventory adjustments would be positive for one Party and negative for the other.*

128.4 *Decisions on the means and criteria by which Annex I Parties might adjust their inventories in relation to joint implementation projects conducted with Parties who do not have legally-binding commitments should be included in the instrument.*

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[22] *The practical application of a cumulative emissions basis would be for commitments to amount to averages over defined periods by comparison with some base year (or period).*

Additional elements of proposals with respect to differentiation

129. *Each Annex I Party should choose specific QELROs according to particular differentiation criteria. Such criteria could be as follows:*

(a) Economic growth (GDP);

(b) Historical share of greenhouse gas emissions;

(c) Dependency on income from fossil fuels;

(d) Access to sources of renewable energy;

(e) Defence budget;

(f) Population growth;

(g) Special circumstances; and

(h) Share in international trade.

130. *Each Annex I Party should have some flexibility in adopting QELROs. The following criteria should be used for this purpose:*

(a) GDP per capita;

(b) Contribution to global emissions; and

(c) Emissions per capita and/or emission intensity of GDP.

131. *The following three principles set forth in the Convention should be reflected in the elaboration of QELROs in a balanced way:*

(a) Burden sharing, based on equity and common but differentiated responsibilities and respective capabilities (Articles 3.1 and 3.2);

(b) Cost effectiveness (Article 3.3); and

(c) Harmony with economic development and an open international economic system (Articles 3.4 and 3.5).

131.1 *A set of qualitative QELROs (Q-QELROs) could also be devised to enhance the sustainability of economic growth in terms of greenhouse gas emissions. Each Annex I Party could set a target to improve the elasticity of greenhouse gas emissions in terms of GDP and*

implement a variety of policies and measures, including such things as the improvement of energy use efficiency.

131.2 *Possible formats for QELROs include the following:*

(a) The concept of 'equal right solution' could be applied to embody the principle of equity and common but differentiated responsibilities. Each individual person could have an equal right to the emission of greenhouse gases, leading to the fair distribution of rights amongst all the Annex I Parties according to cumulative emissions of greenhouse gases since the industrial revolution to a certain target year. This principle could be further elaborated and applied to obtain equity in burden sharing in the future;

(b) The concept of 'equal capability solution' could be applied to embody the principle of respective capabilities. Each Annex I Party could share the burden regarding emission reduction according to its capability, so that Parties with the same capabilities would share equal emission reduction burdens. Per capita GDP could be used, inter alia, as an indicator of capability; and

(c) The principle of harmony with economic development could be applied by differentiating QELROs on the basis of elasticity of greenhouse gas emissions in terms of GDP. Burden sharing amongst Annex I Parties would thus be determined according to the inverse elasticity of greenhouse gas emissions. A country with a higher elasticity of greenhouse gas emissions would therefore share a lower burden in greenhouse gas emission limitation.

4. Flexibility

Parties with economies in transition

132. *A certain degree of flexibility should be allowed to Annex I Parties with economies in transition comparable to the stipulation in Article 4.6 of the Convention.*

133. A certain degree of flexibility should be allowed to the group of countries with economies in transition for the period of their economic stabilization, taking into account their real contribution in reducing greenhouse gas emissions into the atmosphere, which has taken place since 1990 due to economic reasons. In accordance with the principle of allowing a certain degree of flexibility regarding commitments for the Parties included in Annex I to the Convention undergoing the process of transition to a market economy, taking into account their real reduction in net anthropogenic emissions of greenhouse gases during the period from 1990 to 2000 and the need to enhance the ability of these Parties to solve climate change problems, such a Party has the right to maintain, after 2010, its average annual levels of net anthropogenic emissions of greenhouse gases at 1990 levels (or at the level of another year taken by such a Party as a benchmark) until that Party achieves the average GDP per capita of Annex B Parties.

134. *Annex I Parties with economies in transition would not be subject to emission reduction targets, but would implement national policies and measures to limit emissions of greenhouse gases.*

Emissions trading

Proposal 1

135. Commitments shall be fulfilled individually and not through coordinated actions, including trade in emission permits.

Proposal 2

136. An Annex A or Annex B Party[23] that is in compliance with its obligations under Article 3 (*measurement and reporting*) (*see paragraphs 163-163.7*) and that has in place a national mechanism for certification and verification of trades, may transfer to, or receive from, any Annex A or Annex B Party, any of its tonnes of carbon equivalent emissions allowed for a budget period, for the purpose of meeting its obligations under Article 2 (*see paragraphs 119-119.6*).

136.1 A Party may authorize any domestic entity (for example government agencies, private firms, non-governmental organizations, individuals) to participate in actions leading to transfer and receipt under paragraph 136 above of tonnes of carbon equivalent emissions allowed.

136.2 A meeting of the Parties may further elaborate guidelines to facilitate the reporting of emissions trading information.

Proposal 3

137. In any budget period, an Annex [*][24] Party may trade its allowed emissions with another Annex [*] Party, and the emission budgets of these Annex [*] Parties may be adjusted to recognize such trades, provided that such adjustments are mutually reported, are equal, and are positive for one Party and negative for the other.

137.1 Emissions trading between a domestic entity in one Annex [*] Party with a domestic entity in another Annex [*] Party shall be allowed, subject to clear accountability requirements, and legal recognition and acceptance of the trade by the Annex [*] Parties.

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[23] Note to reader: *See paragraphs 255 and 255.1 on Parties included in Annexes A and B in this proposal.*

[24] Note to reader: *See paragraph 259 on Parties included in Annex [*] in this proposal .*

Additional comment

138. *Emissions trading should not be considered under this protocol until it has been considered at length and elaborated by the SBSTA, and its environmental benefits clearly demonstrated.*

Joint implementation

Proposal 1

139. Commitments shall be fulfilled individually and not through coordinated actions, including joint implementation.

Proposal 2

140. Parties listed in Annex X[25] may, in order to contribute to implementing limitation and reduction objectives as set out in Article 2(c) (*see paragraph 112*) above, undertake concrete projects jointly with other Parties listed in Annex X and Parties that have made a notification under Article 2(f) (*see paragraph 166*) below of their intention to be bound by commitments on emission limitation and reduction objectives under Article 2(c) above.

140.1 Joint implementation projects shall bring about real, measurable and long-term environmental benefits related to the mitigation of climate change, while avoiding adverse environmental and social effects.

140.2 In carrying out joint implementation projects, as defined in paragraph 140, the following set of rules shall be applied:

(a) Joint implementation projects can be undertaken by two or more Parties or by domestic entities (such as government agencies, private firms, non-governmental organizations, individuals). All such projects require prior acceptance, approval or endorsement by the Parties participating in the projects;

(b) Joint implementation projects shall only cover the greenhouse gases included in the QELROs;

(c) Joint implementation projects should be supplemental to domestic policies and measures, which should provide the main means of meeting the objectives set out in Annex Y;

(d) Joint implementation projects shall be assessed on a project basis;

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[25] Note to reader: *See paragraph 254 for a list of Parties included in Annex X in this proposal.*

(e) Credits shall be allocated on an annual basis and reported in national communications for all the projects which are in full conformity with the requirements of paragraph 140(f); and

(f) Parties shall report on joint implementation projects in their national communications using guidelines to be adopted by the Conference of the Parties at its first session, building on the uniform reporting format for activities implemented jointly under the pilot phase. Such guidelines should also deal with:

(i) Methodologies for calculating project baselines and actual emissions which are needed to assess the incremental impact of a project on greenhouse gas emissions and sink capacity; and

(ii) Data and methods for monitoring, verification and audit.

Proposal 3

141. In order to fulfil their commitments under the Protocol, any two Parties, or a group of Parties, to the Protocol may jointly, on the territory of one or several Parties, undertake concrete projects aimed at limiting net anthropogenic emissions of greenhouse gases in any sector of the economy (joint implementation projects).

141.1 Parties participating in joint implementation projects, on the basis of joint agreement and in accordance with their contributions to the projects, have the right to share among themselves the results of the greenhouse gas emission reduction and/or sink enhancement (in terms of tonnes of carbon equivalent) achieved by the projects. These are then taken into account in the implementation of their commitments under the Protocol.

141.2 Joint implementation projects can be implemented by Parties included in Annex A and B[26], as well as by Parties included in Annex A or B and other Parties to the Protocol.

Proposal 4

142. All Parties to the Protocol may fulfil part of their obligation to reduce emissions of greenhouse gases through joint implementation of mitigation measures. Joint implementation may contribute up to *x* per cent to meeting the reduction obligation of each Party. The appropriateness of this limit shall be reviewed periodically and amended as necessary, taking into account both the environmental effectiveness and economic efficiency of the joint implementation instrument.

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[26] *Note to reader: See paragraph 256 on the listing of Parties in Annexes A and B in this proposal.*

142.1 Joint implementation among Parties to the Protocol may begin after the pilot phase in 2000 as soon as they have agreed on modalities for emission crediting.

142.2 Joint implementation between Parties to the Protocol and other Parties to the Convention may also take place on a voluntary basis to meet the commitments of Parties to the Protocol according to paragraph 142. The respective criteria shall be consistent with decisions taken on joint implementation under the Convention.

Proposal 5

143. Any Party that is neither in Annex A or B[27] may generate tonnes of carbon equivalent emissions allowed through projects that meet the criteria set forth in paragraph 143.1.

143.1 In addition to any criteria adopted by the Parties to this Protocol, the following criteria shall apply to projects:

(a) Projects must be compatible with and supportive of national environment and development priorities and strategies, as well as contribute to cost effectiveness in achieving global benefits; and

(b) Projects must provide a reduction in emissions that is additional to any that would otherwise occur.

143.2 [*Additional provisions to be added on calculation, measurement, monitoring, verification, review and reporting.*]

143.3 Any Party that generates tonnes of carbon equivalent emissions allowed consistent with this Article may:

(a) Hold such tonnes of carbon equivalent emissions allowed; or

(b) Transfer any portion thereof to any Party.

143.4 An Annex A or Annex B Party may acquire tonnes of carbon equivalent emissions allowed under this Article for the purpose of meeting its obligations under Article 2 (*see paragraphs 119-119.6*), provided it is in compliance with its obligations under Article 3 (*measurement and reporting*) (*see paragraphs 163-163.7*).

143.5 A Party may authorize any domestic entity (for example government agencies, private firms, non-governmental organizations, individuals) to participate in actions leading to generation, transfer and receipt under this Article of tonnes of carbon equivalent emissions.

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[27] *Note to reader: See paragraphs 255 and 255.1 on Parties included in Annexes A and B in this proposal.*

143.6 Any Party that is neither in Annex A nor Annex B that generates or acquires tonnes of carbon equivalent emissions allowed under this Article shall notify the secretariat annually of the quantity, origin and destination of such tonnes.

Proposal 6

144. A Party listed in Annex A[28] may meet part of its QELRO, as set out in that Annex, by credits received through undertaking joint implementation projects with another Annex A or non-Annex A Party or Parties.

144.1 Parties may implement such projects on a bilateral or multilateral basis with other interested Parties.

144.2 Such projects can either reduce emissions or enhance sinks of greenhouse gases not controlled by the Montreal Protocol.

144.3 Parties may authorize any domestic entity, including government agencies, private firms, non-government organizations and individuals, participating in activities leading to generation, transfer and receipt of credits measured as tonnes or CO_2 equivalent or some other agreed basis.

144.4 The Meeting of the Parties shall agree upon and adopt processes for estimation, measurement, monitoring, verification, review and reporting of greenhouse gas reductions for joint implementation projects.

144.5 Parties participating in joint implementation projects shall, on the basis of joint agreement and in accordance with their contributions, have the right to share among themselves the outcomes of the greenhouse gas emission reduction and/or sink enhancement (in terms of tonnes of carbon equivalent or some other agreed basis) achieved by the projects.

Proposal 7

145. In any budget period, any credits earned from joint implementation to be used to increase the emission budget of an Annex [*] Party[29], shall be subject to stringent emission reduction verification and accountability methodologies developed by the SBSTA, or some other body designated for this purpose, and agreed to by the Parties to the [Protocol].

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[28] Note to reader: *See paragraph 253 on Parties included in Annex A in this proposal.*

[29] Note to reader: *See paragraph 259 on Parties included in Annex [*] in this proposal .*

Proposal 8

146. Joint implementation could be used as an instrument to allow technology transfer to take place on a more advantageous basis.

Proposal 9

147. In order to fulfil their commitments laid down in the present Protocol, Annex I Parties, together with non-Annex I Parties, may undertake joint implementation, in the territory of the non-Annex I Party carrying out projects, to limit or reduce anthropogenic emissions of greenhouse gases, or for the conservation and development of sinks and reservoirs, which mitigate those gases.

147.1 Annex I Parties may meet up to 25 per cent (twenty-five per cent) of their domestic emission reduction obligations through joint implementation projects, and up to 100 per cent (a hundred per cent) of their emission reductions outside their territory. When carrying out joint implementation projects, the Annex I Party or Parties may receive credit for only half of the entire mitigation or reduction in metric tonnes of carbon equivalent offset in the case of domestic emissions, with the remaining mitigation or reduction of greenhouse gases accuring to humanity as a global good. However, national emissions from an Annex I Party produced in the territory of a non-Annex I Party, can be offset by means of joint implementation, with the entire reduction or mitigation recorded in its favour.

147.2 Non-Annex I Parties which voluntarily implement joint implementation projects, shall, prior to approval of a joint implementation project, vouch for the benefits of the mitigation or reduction of emissions of greenhouse gases, by means of the mechanism of "greenhouse gas emission mitigation certificates", and shall also notify the secretariat of the Convention, using the reporting format agreed by the Parties, of the origin and destination of such mitigation or reduction.

147.3 The certification of each project may be used for the purpose of compliance with the obligations of the Annex I countries by means of the mechanism of "greenhouse gas emission mitigation certificates".

147.4 The non-Annex I countries, in which joint implementation projects are carried out, may certify the mitigation arising from the projects. For that purpose, they shall demonstrate the additional economic value and the environmental benefits.

147.5 The emission reductions generated in each project shall belong to the host countries, which shall have the ability to cede such rights to the Parties which have commitments, when a value is duly ascribed to the mitigation by means of an additional financial contribution to the projects that generated it, insofar as the national policy of each host country so provides.

147.6 In order to implement joint implementation projects, non-Annex I Parties shall comply with the following requirements:

(a) Implementation shall proceed, and shall be accounted for, on a project-by-project basis;

(b) A baseline shall be established setting the net environmental benefits of greenhouse gas emission mitigation and reduction for each specific project, as compared with a baseline involving no project, so as to justify the additional financial contribution from the Annex I countries;

(c) A methodology must be established to estimate and evaluate the effectiveness of the measures adopted to limit emissions and enhance the removal or mitigation of greenhouse gas emissions in each particular project;

(i) It will be the task of the secretariat of the Conference of the Parties to devise a monitoring mechanism to determine the veracity of the reduction or mitigation reported in accordance with the reporting format agreed by the Parties; and

(d) Joint implementation projects shall be voluntary.

Additional comments

148. *The Conference of the Parties should be asked to intensify the process of preparing national communications from developing countries and countries with economies in transition. This will strengthen the international mechanism of joint implementation and make it more effective for such countries.*

149. *The concept of joint implementation should be thoroughly reviewed by the Conference of the Parties and a decision made before it is included in this protocol. The use of joint implementation for the strengthening of Article 4.2(a) and (b) should only be taken upon conclusion of an independent review of activities implemented jointly.*

Additional elements of proposals with respect to flexibility

150. Cooperative efforts by interested Parties.

(a) Any Party listed in Annex I to the Convention that is in compliance with its obligations under Article 4 (*QELROs for developed country Parties listed in Annex I to the Convention*) (*see paragraphs 113-113.4*), and has in place a national mechanism for certification, verification and accounting of transfer between Parties listed in Annex I to the Convention of greenhouse gas emission reductions or sink enhancements achieved through specific investments, may transfer to, or receive from, any Party listed in Annex I to the

Convention any of the carbon equivalent emissions reductions or sink enhancements resulting from such investments for the purpose of meeting its obligations under Article 4 *(QELROs for developed country Parties listed in Annex I to the Convention)*;

(b) Any Party not listed in Annex I to the Convention may, on a voluntary basis, carry out projects that are additional to what would otherwise occur that limit greenhouse gas emissions or remove greenhouse gases by sinks and reservoirs, in accordance with their national environment and development priorities and strategies. These Parties may decide to define a monetary value for the climate benefits achieved through such projects, and may further decide to transfer any portion thereof to any Party on mutually beneficial and agreed terms. Provided that such transfers are validated by host country acceptance, approval or endorsement, and reported, measured, and assessed in accordance with provisions established by the Parties to the Convention, to be reviewed at the first Meeting of the Parties, such transfers are eligible for accounting under the commitments defined in Article 4 *(QELROs for developed country Parties listed in Annex I to the Convention)* for such Parties which are in compliance with their obligations[30].

C. Possible impacts on developing countries of new commitments in the new instrument/socio-economic injuries sustained by developing countries

Proposal 1

151. Each Party included in Annex I to the Convention shall take fully into account the provisions contained in Article 4.8 in the implementation of policies and measures to achieve these Parties' QELROs.

151.1 The commitments in Article 4.2(a) and (b) of the Convention for developed country Parties/other Parties included in Annex I should be strengthened by establishment of a concrete compensation mechanism for damages arising from implementation of response measures on developing countries referred to in Article 4.8, in order to provide them with the necessary safeguards.

151.2 (*To be developed*)

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[30] *The above text is to be included in its present form if COP 3 takes a conclusive decision on the pilot phase of activities implemented jointly and progression beyond that. If no conclusive decision is taken at COP 3, the present text should be amended.*

Proposal 2

152. [A compensation mechanism shall be established to compensate social and economic losses arising from implementation of the present instrument sustained by Annex III Parties[31]. The functions of this compensation mechanism are as follows:

(a) Analyses and assessments of socio-economic impacts of any proposed response measures on developing countries, particularly oil exporting developing countries;

(b) Provision of material, equipment and technologies, on concessional terms, to Annex III countries;

(c) Establishment of a compensation fund; and

(d) Contributions made to this fund by Annex I Parties shall be replenished biannually. These contributions, being compulsory upon Annex I Parties, shall be paid directly to the affected claimant developing country Party/Parties.

152.1 Other details of this mechanism should be decided by the Conference of the Parties.]

152.2 Any developing country Party to the Convention shall have a claim against all Annex [I][_] Parties, jointly and severally, for loss of income from export of fossil fuels, fossil fuel products, raw materials other than fossil fuels or finished or semi-finished goods in any given year after adoption of this Protocol by the [Conference of the Parties that is a direct or indirect consequence of the] inclusion in this Protocol of commitments by any or all of such Annex _ Parties for QELROs or for policies and measures, or performance or attempted performance by any or all of such Annex _ Parties of any such commitments. For purposes of this paragraph [1], "loss of income" shall be liberally interpreted. Not in limitation of the foregoing, "loss of income" may be estimated by taking into account estimates of gross revenue [from the aforesaid exports, which reasonably could be expected to have been received] by the claimant in the absence of the inclusion of the aforesaid commitments in this Protocol, less reasonably estimated costs of production and export that likely would have been incurred by the claimant in connection with lost exports.

152.3 A Party to the Convention asserting a claim pursuant to this Article shall submit its claim in writing to any Annex _ Party against whom it makes such claim within six years following the year for which the claim is made.

152.4 Any Annex [I][_] Party liable on a claim made pursuant to this Article shall have a claim for contribution against another Annex [I][_] Party for the portion of the liability that

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[31] *Note to reader: See paragraph 257 on Parties included in Annex III in this proposal.*

is attributable to the performance or attempted performance by such other Annex I[_] Party of its commitments referred to in paragraph 152.2.

152.5 *Provisions that may be proposed later concerning the establishment of a compensation mechanism, arbitration of claims and alternatives to such arbitration should be inserted.*

Proposal 3

153. The IPCC shall assist in the preparation of recommendations on ways of mitigating the possible negative economic, social and ecological impacts of new commitments for Annex I Parties on developing countries and countries with economies in transition.

D. Measurement, reporting and communication of information

Proposal 1

154. Each of the Annex I Parties shall communicate to the Meeting of the Parties, through the secretariat, the following information:

(a) A detailed description of the policies, programmes and measures it has undertaken to implement its commitments under Articles 2 to 4 (*see paragraphs 182, 110 and 204-204.3*) above; and

(b) A specific estimate of the effects that these policies, programmes and measures will have on anthropogenic emissions by its sources and removals by its sinks of greenhouse gases.

154.1 Each of the Annex I Parties shall also provide information on the full costs and benefits of the policies and measures described in subparagraphs (a) and (b) above, and indicate how such policies and measures form part of a least cost implementation strategy. At their first Meeting, Parties shall consider and agree on methodologies for Annex I Parties to undertake calculations of the full costs and benefits referred to above.

154.2 Each of the Annex I Parties shall make its initial communication within one year of the entry into force of the Protocol for that Party. The frequency of subsequent communications shall be determined by the first Meeting of the Parties.

Proposal 2

155. Each Party listed in Annex A[32] shall include its National Action Plan in its national communication submitted under Article 12 of the Convention, together with any other

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[32] *Note to reader: See paragraph 253 on Parties included in Annex A in this proposal.*

information required to be submitted under this instrument. Copies of such documents shall be submitted, through the secretariat, to both the Conference of the Parties to the Convention and the Meeting of the Parties.

Proposal 3

156. Parties listed in Annex X[33] shall include in communications under Article 12 of the Convention a detailed description of the policies and measures adopted and implemented to meet the commitments under Articles 2(a) to 2(c) (*see paragraphs 87-87.3 and 112*) above, specific estimates of their effects and, as appropriate, their costs, and resulting projected anthropogenic emissions.

156.1 Parties listed in Annex X shall submit an initial communication within six months of the entry into force of the Protocol for that Party. Each Party not so listed shall make its initial communication within three years of the entry into force of the Protocol for that Party. The frequency of subsequent communications by all Parties shall be determined by the Conference of the Parties at its sixth and subsequent sessions.

156.2 Such communications shall include in particular the results of reviews of national policies and practices referred to in Article 4.2(e)(ii) of the Convention and any significant changes identified[34].

Proposal 4

157. Communication of information related to implementation of this protocol/another legal instrument shall be in accordance with Article 12 of the Convention.

Proposal 5

158. Each Annex [I][_] Party within six months of the entry into force of this Protocol for that Party, shall communicate to the Conference of the Parties, through the secretariat, the following information:

(a) A detailed description of the policies and measures that it plans to adopt to implement its commitments under Articles _ and _ (*on commitments for QELROs and policies and measures*);

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[33] *Note to reader: See paragraph 254 for a list of Parties included in Annex X in this proposal.*

[34] *Since the new commitments would have to be accompanied by substantial and mandatory reporting commitments, appropriate parts of Article 12 of the Convention could be carried over into the Protocol as such. Additions to the "Guidelines for the preparation of National Communications by Annex I Parties" consistent with the control schedule will also have to be made.*

(b) Detailed [and] specific estimates, accompanied by detailed explanation as to the basis of such estimates, of the anticipated effects of each of the policies and measures identified in the communication referred to in subparagraph (a)[above], and of the aggregate anticipated effects of all such policies and measures on the Party's anthropogenic emissions by its sources and removals by its sinks of greenhouse gases during each of the periods referred to in Article _ (*on time-frames for achieving QELROs*).

158.1 Within twelve months of the entry into force of this Protocol for that Party and on or before [the] 15th [day of] April of each year thereafter, shall submit to the Conference of the Parties, through the secretariat, a certificate signed by a duly authorized official of that Party, which contains the following information:

(a) Detailed and specific information identifying all changes to the information communicated pursuant to paragraph 158 that would make such information more current, informative or reliable;

(b) A list of all laws and other acts of government having the effect of law that, since entry into force of this Protocol for that Party, the Party has adopted in accordance with its internal lawmaking procedures to implement its commitments under Articles _ and _ (*on commitments for QELROs and policies and measures*);

(c) Specific estimates, accompanied by detailed explanation as to the basis of such estimates, of:

(i) Annual imports [measured in physical units and in monetary value] by the Party from the developing country Parties to the Convention of fossil fuels [, fossil fuel products, raw materials other than fossil fuels,] and finished or semi-finished goods following entry into force of this Protocol for that Party; and

(ii) Any changes in the future amounts of such imports [measured in physical units and in monetary value] which the Party believes could occur following entry into force of this Protocol for that Party and during each of the periods referred to in Article _ (*on time-frames for achieving QELROs*) and in Article _ (*on time-frames for compliance with commitments to adopt or implement policies or measures*); and

(d) Specific estimates, accompanied by detailed explanation as to the basis of such estimates, of changes [measured in physical units and in monetary value] in the imports identified pursuant to subparagraph (c)[above] that the Party believes may be directly or indirectly attributable to the Party's actual or prospective fulfillment of its commitments under Articles _ [and _] (*on commitments for QELROs and policies and measures*).

158.2 Information communicated by Parties pursuant to paragraph 158 shall be transmitted by the secretariat as soon as possible to each of the Parties to the Convention.

158.3 Upon the initiative of the secretariat, or promptly following delivery to the secretariat of a written request by any Party to the Convention, the secretariat shall undertake an in-depth review of the information contained in a communication or certification submitted by a Party pursuant to paragraph 158 for the purpose of clarifying or supplementing, and making assessments with regard to the completeness and apparent accuracy of all or part of such information. Each Party that has submitted information which is the subject of such in-depth review shall cooperate reasonably with the secretariat in all matters concerning such review. In conducting in-depth reviews, the secretariat shall enlist the assistance of individuals who are qualified to make the assessments referred to above concerning the information that is the subject of such review. Any team or group of individuals providing such assistance to the secretariat shall consist of [at least one individual from a developing country for every [two] individual[s] from developed countries] [equal number of individuals from all regions (those recognized by the United Nations)] and, in so far as feasible, also shall reflect reasonable balance taking into account the diverse nature of the economies [within each region] of the Parties to the Convention. In so far as possible, the secretariat shall complete each in-depth review that has been requested by a Party to the Convention within six months following receipt of the request and shall transmit a written report of the in-depth review to each Party to the Convention as soon as possible, but no later than four months, following completion of the in-depth review.

158.4 Notwithstanding any other provision of this Protocol, the provisions of Articles _ [and _] (*on commitments for QELROs and policies and measures*) shall expire and shall cease to have further force or effect if any one or more Annex _ Parties that, according to the most recent national inventories that have been communicated pursuant to Article 12, paragraph 1 of the Convention, represent individually or in the aggregate 10 per cent or more of the total gross emissions of greenhouse gases [without regard to comparative radiative forcing or consideration of sinks] of all Annex _ Parties:

(a) Shall fail to submit in any one year a communication or a certification as required by paragraph 158; or

(b) Shall fail, at any time after the first anniversary of entry into force of this Protocol, to have adopted, implemented and kept in force policies and measures [including, but not limited to, laws and other acts of government having the effect of law] that, in light of such national inventories, the communications or certifications submitted by such Party or Parties pursuant to paragraph 158, and/or the report of any in-depth review prepared pursuant to paragraph 158.3 with respect to such communication or certification, reasonably appear to be necessary to enable such Party or Parties to fulfil its or their commitments set forth in Article _ (*on commitments for QELROs*).

Proposal 6

159. Each Party included in Annex I to the Convention shall submit, to the secretariat, its initial information including the following elements within six months from the closure of the first session of the Meeting of the Parties, or within six months of the entry into force of the Protocol for the Party if the Protocol enters into force for that Party after the first session of the Meeting of the Parties. The frequency of subsequent submissions by all Parties shall be determined by the Meeting of the Parties, taking into account the differentiated timetable for the initial submission set by this paragraph:

(a) Its quantified objective selected under Article 3 (*see paragraph 114*);

(b) Its national plan made under Article 5 (*see paragraph 89.3*);

(c) Its policies adopted and its measures taken under Article 4 (*see paragraphs 89-89.2*);

(d) Its voluntary goals established by the use of the indicators referred to in Article 4, paragraph 3 (*see paragraph 89.2*) if the policies and measures referred to in subparagraph (c) above are planned or are under implementation, and assessment carried out by the use of the indicators referred to in Article 4, paragraph 3 if the policies and measures referred to in subparagraph (c) above have been completed; and

(e) Projection until around the middle of the twenty-first century of anthropogenic emissions by sources and removals by sinks of CO_2.

Proposal 7

160. Communication of information:

(a) _ ; and

(b) Each Party to this Protocol listed in Annex I to the Convention shall include in its national communication pursuant to Article 12 to the Convention detailed information on any emission reductions or sink enhancements received from another Party in accordance with Article 8 (*Cooperative efforts by interested Parties*) (*see paragraph 150*).

Proposal 8

161. Each Annex A Party[35] shall submit its first communication relating to the Protocol within one year after its entry into force for that Party. Time-frames for the submission of subsequent communications should be determined at a later date.

161.1 Guidance documents for the communication of information relating to the Protocol and its review should be developed.

Proposal 9

162. The provisions of the Convention as well as the existing relevant decisions adopted by the Conference of the Parties of the Convention apply mutatis mutandis. Hence, Parties to the Protocol shall submit consolidated reports on the policies and measures adopted as well as on the specific estimate of their effects on the basis of the already existing regime.

Proposal 10

163. Each Annex A and Annex B Party[36] shall have in place by [the first year of its first budget period] a national system for the accurate measurement of anthropogenic emissions by sources, and removals by sinks, of greenhouse gases.

163.1 For the purposes of implementing paragraph 163 and promoting comparability, consistency and transparency, the Parties shall, not later than their second meeting, decide on minimum standards for the measurement of anthropogenic emissions by sources, and removals by sinks, of greenhouse gases.

163.2 Each Annex A and Annex B Party shall put in place, if it has not already done so, national compliance and enforcement programmes relevant to its implementation of the obligations under this Protocol.

163.3 Each Annex A and Annex B Party shall submit to the secretariat, as part of its communication under Article 12 of the Convention, information on its implementation of this Protocol, including policies and measures it is taking to meet its obligations in Article 2 (*see paragraphs 119-119.6*). Such submission shall be in accordance with guidelines which the Parties adopt at their first meeting, taking into account any relevant guidelines adopted by the Parties to the Convention. Such submission shall also contain the following information:

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[35] Note to reader: *See paragraph 256 on the listing of Parties in Annex A in this proposal.*

[36] Note to reader: *See paragraphs 255 and 255.1 on Parties included in Annexes A and B in this proposal.*

(a) Once the obligation in paragraph 163 above becomes effective, a description of the national measurement system that it has in place;

(b) Once the obligation in paragraph 163 above becomes effective, the results of its national measurement system;

(c) A quantitative projection of its net anthropogenic emissions of greenhouse gases through the budget periods; and

(d) A description of relevant national compliance and enforcement programmes it has in place pursuant to paragraph 163.2 above, as well as a description of their effectiveness, including actions taken in cases of non-compliance with national law.

163.4 In addition to the information required to be submitted under paragraph 163.3, each Annex A and Annex B Party shall submit to the secretariat, on an annual basis and in accordance with the guidelines referred to in paragraph 163.3, its current calculation corresponding to each of the subparagraphs in Article 2.2 (*see paragraph 119.1*) and its remaining emissions budget for that budget period. With respect to any tonnes of carbon equivalent emissions allowed that are acquired or transferred under Article 6 (*see paragraphs 136-136.2*) or Article 7 (*see paragraphs 143-143.6*), the Par / shall specify the quantity, Party of origin or destination, and the relevant budget period.

163.5 The first of the submissions referred to in paragraph 163.4 shall be part of a Party's first communication that is due after the Protocol has been in force for that Party for two years. The frequency of subsequent submissions shall be determined by the Parties.

163.6 Information communicated by Parties under this Article shall be transmitted by the secretariat as soon as possible to the Parties and to any subsidiary bodies concerned.

163.7 Without prejudice to the ability of any Party to make public its communication at any time, the secretariat shall make information communicated by Parties under this Article publicly available at the time it is submitted to the Parties.

Additional comment

164. *The instrument should use the same reporting channel and procedural methods as the Convention.*

E. Voluntary application of commitments by non-Annex I Parties

Proposal 1

165. Any Party not included in Annex I to the Convention that has expressed its intention to be bound by Article 4.2(a) and (b) of the Convention in accordance with Article 4.2(g) of the Convention, may in its instrument of ratification, acceptance, approval or accession to this Protocol, or at any time thereafter, notify the Depositary that it intends to be bound by Articles 3 to 5 (*see paragraphs 110 and 174, 204-204.3 and 154-154.2*) of this Protocol. The Depositary shall inform the other signatories and Parties of any such notification.

Proposal 2

166. Any Party not listed in Annex X[37] may, in its instrument of ratification, acceptance, approval or accession, or at any time thereafter, notify the Depositary that it intends to be bound by some or all of the commitments under Article 2(b) (*see paragraphs 87.1-87.3*) above to adopt and implement specific policies and measures in [Lists] A, B or C, and/or that it intends to be bound by commitments on emissions limitation and reduction objectives under Article 2(c) (*see paragraph 112*) above. The Depositary shall inform the other signatories and Parties of any such notification. Any Party not listed in Annex X making a notification in relation to Article 2(b) and/or Article 2(c) shall be bound by commitments regarding communication of information relating to implementation under Article 2(e) (*see paragraphs 156-156.2*) above, as relevant.

Proposal 3

167. The Parties not included in Annex I to the Convention are encouraged to voluntarily submit information including the elements referred to in Article 6, paragraph 1 (*see paragraph 159*).

167.1 If a Party not included in Annex I to the Convention draws up a concrete inventory of technologies which it hopes to introduce and a concrete programme of countermeasures against global warming through introduction of such technologies, the Meeting of the Parties may request the entity entrusted with the operation of the financial mechanism referred to in Article 11 of the Convention to give priority to providing any financial assistance necessary for such a voluntary programme.

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[37] *Note to reader: See paragraph 254 for a list of Parties included in Annex X in this proposal.*

Proposal 4

168. Any Party which is not listed in Annex I may declare through the Depositary its will to be bound by the provisions of Article 4.2(a) and (b) of the Convention, and to be included in Annex I. Such Parties may also declare the base year chosen for their obligations. For Parties which have made such a declaration after the second Conference of the Parties, the base year may be different than for Annex I Parties under the Convention, for example 1995 or 2000.

Proposal 5

169. Any State not listed in Annex A[38] may, in its instrument of ratification, acceptance, approval or accession, or at any time thereafter, notify the Depositary that it intends to be bound by the obligations of Annex A Parties. It will then be an Annex A Party. The Depositary shall inform the other signatories and Parties of any such notification.

169.1 Any State not listed in Annex A may, in its instrument of ratification, acceptance, approval or accession, or at any time thereafter, notify the Depositary that it intends to be bound by the obligations of Annex B Parties. It will then be an Annex B Party. The Depositary shall inform the other signatories and Parties of any such notification.

Proposal 6

170. Any Party not included in Annex I to the Convention may use Implementing Agreements like those developed by the International Energy Agency (IEA) to be bound, on a voluntary basis, for implementing specific policies and measures or for fulfilling a specific QELRO.

Proposal 7

171. Any Party not included in Annex I shall not be obliged to enter into any new commitments, unless any such Party expresses its intention to be bound by Article 4.2(a) and (b) of the Convention in accordance with Article 4.2(g) of the Convention and has in its instrument of ratification, acceptance, approval or accession to this Protocol, or at any time thereafter, notified the Depositary of its intention to be bound by this Protocol.

Proposal 8

172. Each Party included in Annex I to the Convention shall meet its QELROs without introducing any new commitments for Parties not included in Annex I.

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[38] *Note to reader: See paragraphs 255 and 255.1 on Parties included in Annexes A and B in this proposal.*

Proposal 9

173. Should a Party not included in Annex I to the Convention submit a proposal to implement a specific climate change mitigation programme, the Conference of the Parties may request the appropriate entity or entities entrusted with the operation of the financial mechanism referred to in Article 11 of the Convention, to make available, as a matter of priority, the necessary financial, technical or technological assistance for the implementation of such a programme.

III. REVIEW OF COMMITMENTS

Proposal 1

174. The Meeting of the Parties shall review and revise the commitments of the Annex I Parties contained in subparagraph (a) (*see paragraph 110(a)*), and the commitments adopted pursuant to subparagraph (b) (*see paragraph 110(b)*), in accordance with the precautionary principle and the best available scientific information and assessment of climate change, not later than five years after the entry into force of the Protocol and thereafter at regular intervals to be determined by the Meeting of the Parties.

Proposal 2

175. To ensure the continuing effectiveness of this instrument the Parties shall undertake regular reviews of commitments under Article 4 (*see paragraphs 111.1-111.2*), in accordance with a process to be determined by the Meeting of the Parties. That process shall provide, amongst other things, appropriate time-frames for reviews to take place.

175.1 The first review shall be completed [*y*] years after the entry into force of this instrument and thereafter at intervals of [*y*] years.[39] In addition, individual Parties may activate the review process in respect of their own commitments outside the scheduled review cycle in the event of an unforeseen change in their circumstances that will have a significant bearing on their capacity to implement their commitments under this Part (*on commitments of specified Parties*).

175.2 In carrying out such reviews, the Parties shall have regard to the following:

(a) Any factors having a bearing on the governing equity principle set out in Article 3(a) (*see paragraph 111*), including changes over time in the Parties' rates of GDP

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[39] *Frequency of review could be greater for Parties with economies in transition, which face greater uncertainty in emissions projections.*

growth, population growth, emission intensity of GDP, fossil fuel intensity of exports and emission intensity of exports;

(b) Developments in scientific understanding of the causes and effects of climate change; and

(c) Relevant technological developments.

175.3 At the completion of the process under subparagraphs (a) and (b) above, the Meeting of the Parties may recommend adjustment to the commitments, as listed in Annex A, of any Party or specified group of Parties.

175.4 Any recommendation under the above paragraph shall apply to a Party only when a communication accepting that recommendation has been lodged by that Party with the Depositary.

Proposal 3

176. The Conference of the Parties shall review the adequacy of commitments on the basis of Article 2 of the Convention, of best available scientific information and assessment of climate change and its impacts, as well as relevant technical, social and economic information, and take appropriate action.

176.1 The first review and the appropriate action based on that review shall take place no later than 31 December 2002. Further reviews and appropriate action shall take place at regular intervals thereafter, to be decided by the Conference of the Parties.

176.2 The Conference of the Parties at its first session shall review the content and scope of all Annexes and shall update them regularly in the light of progress on the implementation of policies and measures by Parties, including progress on coordination of measures, the identification or elaboration of additional policies and measures, new scientific or technological advice, and other relevant developments.

Proposal 4

177. The Conference of the Parties, as the supreme body of the Convention, shall keep under regular review the implementation of the Convention and any related legal instrument that the Conference of the Parties may adopt (Article 7.2 of the Convention).

177.1 Existing mechanisms in the Convention, including review, assessment and financing, shall apply to the commitments adopted by the protocol/another legal instrument.

177.2 The review of this protocol/another legal instrument shall be undertaken under Article 4.2(d) of the Convention.

Proposal 5

178. *In order to reflect in policies the latest scientific information, such as IPCC Assessment Reports, a mechanism to regularly review this Protocol should be included. The Annex should be revised more flexibly than the Protocol itself.*

Proposal 6

179. The Conference of the Parties to this Protocol shall, at its first session, establish a mechanism for the review of the adequacy of the commitments undertaken by the Parties, including QELROs contained in the Protocol, in the light of the evolution of scientific knowledge.

Proposal 7

180. The Parties shall periodically review this Protocol, and guidelines established thereunder, in light of evolving scientific knowledge related to climate change.

Proposal 8

181. [The Conference of the Parties] [The Meeting of the Parties] shall at its [*x*] session, review the adequacy of commitments of the Parties under this Protocol with a view to achieving the objective of the Convention. Such review shall be carried out in light of the best available scientific information and assessment on climate change and its impacts, as well as relevant technical, social and economic information, and shall be conducted in conjunction with any pertinent review under the Convention or any related Protocol. Based on this review, the [Conference of the Parties] [Meeting of the Parties] shall take appropriate action, which may include the adoption of amendments to this Protocol.

IV. CONTINUING TO ADVANCE THE IMPLEMENTATION OF EXISTING COMMITMENTS IN ARTICLE 4.1

182. In accordance with the objective and principles of the Convention, all Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances shall implement national and, where appropriate, regional programmes containing measures to mitigate climate change by addressing anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol.

183. As stated in paragraph 2(b) of Decision 1/CP.1 of the Berlin Mandate, the process will not introduce any new commitments for Parties not included in Annex I, but reaffirm existing

commitments in Article 4.1 and continue to advance the implementation of these commitments in order to achieve sustainable development, taking into account Articles 4.3, 4.5 and 4.7.

183.1 Continuing to advance implementation of Article 4.1 by non-Annex I Parties is contingent upon the effective implementation by developed country Parties of their commitments related to financial resources and transfer of technology for:

(a) The development at the national level of systematic observation and data archives, scientific and technical research, and support for improving endogenous capacities and capabilities to participate in international and intergovernmental programmes related to the climate system;

(b) The enhancement at the national level of access to, and the exchange of, data and analyses thereof, obtained from areas beyond national jurisdiction;

(c) The assessment at the national level of the economic and social impacts of climate change, including sea level rise, changes in storms or storm surges, and the risk to coastal ecosystems, including fragile ecosystems, wetlands, coral reefs and atolls, as well as freshwater supplies, arid and semi-arid areas, drought and desertification;

(d) The assessment at the national level of the economic and social consequences on developing countries of various response strategies, with a view to minimizing adverse effects on the economy, on infrastructure, on human settlements, on social and cultural practices, on public health and on the quality of the environment of projects or measures undertaken by them to mitigate or adapt to climate change;

(e) The development and implementation at the national level of education and training programmes, including the strengthening of national institutions and the exchange or secondment of personnel to train experts;

(f) The development and implementation of integrated plans for coastal zone management, water resources and agriculture, and for the protection and rehabilitation of areas affected by drought and desertification, as well as floods;

(g) The sustainable management for conservation and enhancement, as appropriate, of sinks and reservoirs of all greenhouse gases, including biomass, forests and oceans as well as other terrestrial, coastal and marine ecosystems;

(h) The transfer of, or access to, environmentally-sound technologies and know-how, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol in all relevant sectors, including the energy, transport, industry, agriculture, forestry and waste management sectors, taking fully into account Chapter 34 of Agenda 21;

(i) The development at the national level of local emission factors, activity data and models that reflect the socio-economic conditions of each developing country Party for the elaboration and periodic updating of national inventories, in the light of the preparations of initial national communications based on the guidelines and format for non-Annex I communications; and

(j) Following from and based on all the above, formulation, implementation, publication and regular updating at the national and, where appropriate, regional levels, of programmes containing measures to address climate change and its adverse impacts in order to achieve sustainable development.

183.2 Since this is an integral part of the process of preparations of national communications, the operating entity of the financial mechanism shall provide the necessary resources for the implementation of the above activities in each developing country Party in an expeditious and timely manner.

183.3 The extent to which developing country Parties will effectively implement their commitments under the Convention will depend on the effective implementation by developed country Parties of their commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties.

184. All Parties shall, in accordance with the provisions of paragraphs 184.1-184.3 below, continue to advance the implementation of commitments in Article 4.1 of the Convention and strengthen their collaboration through bilateral, multilateral and Convention-based mechanisms so as to facilitate reaching the ultimate objective of the Convention and in order to achieve sustainable development taking into account Articles 4.3, 4.5 and 4.7 of the Convention.

184.1 National programmes, inventories and reporting[40]:

(a) National programmes to be updated regularly in addition to any updating carried out in the context of national communications (Article 4.1(b));

(b) Parties to provide annual inventory data for greenhouse gases as required by Decision 3/CP.1 (Article 4.1(a));

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[40] *Measures listed in paragraphs 184.1-184.3 should be further developed and implemented by all Parties, based on the principle of differentiated responsibilities and capabilities of Parties. (References to relevant Convention Articles are given in parentheses).*

(c) Parties, to the extent possible, move to use full IPCC compatible methodologies for preparation of inventories (Article 4.1(a));

(d) Parties to identify and agree to implement strategies to ensure climate change considerations are taken into account in all relevant Government policy areas and initiatives and include an evaluation of the effects thereof in national communications (Article (4.1(f));

(e) National programmes to incorporate, as appropriate, policies and measures to remove obstacles to the limitation of greenhouse gas emissions and to the enhancement of sinks including by (Article 4.1(b)):

(i) Increasing energy efficiency;

(ii) Increasing the use of renewable energies;

(iii) Making improvements in the transport sector;

(iv) Improving efficiencies in industrial production processes;

(v) Promoting the development and sustainable management of sinks and reservoirs of greenhouse gases; and

(vi) Improving integration of climate change considerations into agriculture.

(f) Parties to develop, periodically update, publish and make available to the Conference of the Parties strategies for mitigation of climate change and derive thereof national inventories of the need and market potential for technologies, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases (Article 4.1(b) and (c)).

(g) In respect of national communications (Article 4.1(j)):

(i) Arrangements for in-depth reviews of Annex I Parties communications should be strengthened along the lines of the Organisation of Economic Co-operation and Development (OECD) Countries Environmental Performance Reviews (that is, including a formal opportunity for other Parties to ask questions about the review findings); and

(ii) In-depth reviews of non-Annex I Parties' communications should be introduced along the lines of existing arrangements for Annex I Parties.

184.2 Bilateral/multilateral cooperation

(a) Parties to cooperate in identifying and agreeing specific means and approaches to foster bilateral, regional and global cooperation to facilitate mitigation and adaptation to climate change, including:

(i) Development of national inventories of greenhouse gas emissions (Article 4.1(a));

(ii) Formulation and implementation of relevant programmes of measures to mitigate and adapt to climate change, with a special consideration of measures which also favour the economic development of Parties as well as of measures in sectors largely open to international competition (Article 4.1(b)); and

(iii) The development, application and diffusion, including transfer of technologies, practices and processes that control, reduce or prevent greenhouse gas emissions particularly in sectors strongly exposed to international competition (Article 4.1(c)).

(b) Participation, on a voluntary basis, in activities implemented jointly (Article 4.1(b)); and

(c) Develop and implement indicators relevant to mitigation of and adaptation to climate change in the context of sustainable development with particular reference to paragraph 4 of Decision 4/5 adopted by the United Nations Commission on Sustainable Development (CSD) at its fourth session, in 1996 (Article 4.1(f)).

184.3 Participation in work of international organizations (Articles 4.1(g), (h) and (i)):

(a) Parties, to the extent possible, to support and/or participate in the work of:

(i) International bodies, such as the World Meteorological Organization (WMO), the United Nations Environment Programme (UNEP), IMO and ICAO, in examining, elaborating, assessing, developing and implementing strategies for mitigation and adaptation to climate change; and

(ii) International programmes related to climate change, such as the World Climate Programme and the forthcoming Climate Agenda proposal, as well as the System for Analysis, Research and Training (START) initiative of the International Geosphere-Biosphere Programme (IGBP) and the scientific and educational programmes of WMO and UNEP as they are developed.

185. Recognizing the progress that has been made to date in implementing commitments under Article 4.1 of the Convention,

(a) The Parties reaffirm their commitments under Article 4.1 of the Convention and the need to continue to advance the implementation of such commitments;

(b) Each Party shall strengthen its legal and institutional framework to advance the implementation of its commitments under Article 4.1 of the Convention;

(c) Each Party shall take measures to facilitate investment in climate-friendly technologies;

(d) Each Party shall report, as part of its communication under the Convention, on how it is promoting public education and participation in the development of climate change policy;

(e) Each Party that is neither in Annex A nor Annex B[41] shall identify and implement "no regrets" measures for mitigating net anthropogenic emissions of greenhouse gases, including any identified through the review process under paragraph 185(g) below. In this regard, each such Party shall also:

(i) Quantify the effects of the measures it implements;

(ii) Evaluate barriers to the adoption of potential measures; and

(iii) Report to the secretariat, as part of its communication under the Convention, on the measures it has implemented, plans to implement, and barriers to the adoption of potential measures.

(f) Each Party that is neither in Annex A nor Annex B shall submit to the secretariat, on an annual basis, its inventory of greenhouse gas emissions. Such inventory shall be consistent with any guidelines adopted by the Parties; and

(g) The Parties shall establish a process for reviewing communications received under the Convention from the Parties identified in paragraphs 185(e) and 185(f). The process shall be designed:

(i) To enable the review of the effects of individual measures described in paragraph 185(e);

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41 Note to reader: *See paragraphs 255 and 255.1 on Parties included in Annexes A and B in this proposal.*

(ii) To assist such Parties in identifying and implementing "no regrets" measures for mitigating net anthropogenic emissions of greenhouse gases;

(iii) To seek to identify key sectors and technological options within them;

(iv) To consider possibilities for promoting voluntary arrangements with industry aimed at identifying and encouraging implementation of "no regrets" measures; and

(v) To explore various means through which such Parties could obtain both the know-how and the technology needed to implement options identified.

186. The Parties reaffirm their commitments under Article 4.1 of the Convention and the need to continue to advance the implementation of these commitments. The Parties will develop further international cooperation on the basis of mutually beneficial incentive structures for addressing climate change and the adverse effects thereof.

186.1 To this effect Parties will strengthen their respective legal and institutional frameworks, as appropriate, to advance the implementation of their commitments under Article 4.1 of the Convention, and strengthen efforts to facilitate investments and transfer of climate-friendly technologies in accordance with Articles 4.3, 4.5 and 4.7 of the Convention.

186.2 The Parties fully recognize the important role that the development and transfer of technology should perform for the mitigation of climate change, and will make every effort to ensure that this role is fulfilled.

187. Transfer of material, equipment and technology for renewable sources of energy including solar, nuclear and biomass to developing countries, on concessional and preferential terms, shall be ensured. In this context, developed country parties shall remove all restrictions on such transfers.

188. Having regard to the special situation of developing countries and developing countries with economies in transition, which lack financial resources and expertise, in order to accelerate the development, application, dissemination and transfer of environmentally friendly technology, methods and processes, the Conference of the Parties may request the entity or entities entrusted with the operation of the financial mechanism referred to in Article 11 of the Convention to make available, as a matter of priority, financial assistance for the widespread introduction of the know-how and technology developed in these countries.

V. EDUCATION, TRAINING AND PUBLIC AWARENESS

189. The provisions of Article 6 of the Convention shall apply to this Protocol.

190. The Parties shall, within six months of the third Conference of the Parties, adopt binding provisions to enable the Parties to have qualitative greenhouse gas emissions obligations.

VI. EVOLUTION

Proposal 1

191. Beyond the emission limitation commitments to be taken by Annex [*] Parties[42] pursuant to this [Protocol]:

(a) Emission limitation commitments by Annex [*] Parties will be contingent upon the extent of participation by non-Annex [*] Parties in action to restrain emissions;

(b) Emission limitation commitments should be determined with reference to a longer-term atmospheric concentration goal consistent with the ultimate objective of the Convention to prevent dangerous anthropogenic interference with the climate; and

(c) Emission limitation commitments for each Party should be specified as proportional shares of a global emissions budget, with reference to a longer term atmospheric concentration goal consistent with the ultimate objective of the Convention to prevent dangerous anthropogenic interference with the climate.

Proposal 2

192. The future development of the commitments of all Parties is related to the continuation and extension of those activities implemented by all Parties to promote the achievement of the ultimate objective of the Convention which are relevant to achieving sustainable progress under Article 4.1 of the Convention.

Proposal 3

193. The Parties shall adopt, by [2005], binding provisions so that all Parties have quantitative greenhouse gas emissions obligations and so that there is a mechanism for automatic application of progressive greenhouse gas emissions obligations to Parties, based upon agreed criteria.

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[42] *Note to reader: See paragraph 259 on Parties included in Annex [*] in this proposal.*

Proposal 4

194. Any further development of commitments shall be in accordance with Article 4.2(d) of the Convention.

Proposal 5

195. As a further step towards meeting the objective of stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, Parties to the Protocol not subject to QELROs under the Protocol shall commence negotiations with all Parties to agree upon QELROs for those Parties. Such negotiations shall commence as soon as possible but no later than by the [*x* Conference of the Parties] [*x* Meeting of the Parties] and shall be concluded no later than the [*x* Conference of the Parties] [*x* Meeting of the Parties].

195.1 [The Parties] [The Conference of the Parties] shall periodically conduct a review of Annexes [*x*] and [*xx*] of the Protocol with a view to taking any decisions regarding amendments [, that may be appropriate] [, based on appropriate criteria determined by [all] Parties,] with respect to the addition or deletion of Parties from the lists in those Annexes, with the approval of the Party[ies] concerned. The first review shall take place no later than [*xx*], with subsequent reviews to take place [every [*x*] years thereafter] [as appropriate, to be determined by the Parties].

VII. INSTITUTIONS AND PROCESSES

A. Conference of the Parties/Meeting of the Parties[43]

Proposal 1

196. The Conference of the Parties to the Convention shall serve as the Conference of the Parties to the Protocol. To this end, for the purposes of Articles 5 to 8 (*see paragraphs 196-196.2, 199-200.1 and 203-203.2*) of this Protocol references in Articles 7 to 10 of the Convention to "the Convention" and "the Parties" shall be understood as references to "the Protocol" and "the Parties to the Protocol" respectively.

196.1 When the Conference of the Parties exercises its functions with regard to matters concerning the Protocol, decisions shall be taken only by those of its members that are, at the same time, Parties to the Protocol.

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[43] *Note to reader: This section should be read together with paragraphs 177-177.2 in the section "Review of commitments" which contains a proposal relevant to this matter.*

196.2 When the Conference of the Parties exercises its functions with regard to matters concerning the Protocol, any member of the Bureau of the Conference of the Parties representing a Party to the Convention, but, at the same time, not a Party to the Protocol, shall be substituted by an additional member to be elected by and from the Parties to the Protocol.

Proposal 2

197. A Meeting of the Parties is hereby established. The Meeting of the Parties shall keep under regular review the implementation of the Protocol and shall make, within its mandate, the decisions necessary to achieve its effective implementation. To this end, it shall:

(a) Periodically review the commitments of the Parties and the institutional arrangements under the Protocol, in the light of the objective and principles of the Convention, the experience gained in the implementation of the Protocol and the evolution of scientific and technological knowledge;

(b) Adopt targets and timetables referred to in Article 3.1 (*see paragraph 110*);

(c) Review and revise the commitments of Annex I Parties referred to in Article 3.2 (*see paragraph 174*);

(d) Receive, review and ensure the publication of information submitted to it, including the reports submitted by Parties pursuant to Article 5 (*see paragraphs 154-154.2*);

(e) Regularly assess the overall aggregated effect of the steps taken by Annex I Parties in the light of the latest scientific assessments concerning climate change, and of the Protocol's objective, and ensure the publication of such assessments;

(f) At its first Meeting, agree upon and adopt by consensus, rules of procedure and financial rules for itself and for any subsidiary body;

(g) Receive reports from, and if necessary give guidance to, the financial mechanism and to subsidiary bodies on matters relating to the implementation of this Protocol;

(h) Seek and utilize, where appropriate, the services and cooperation of, and information provided by, competent international organizations and intergovernmental and non-governmental bodies;

(i) Establish further subsidiary bodies as may be deemed necessary for the implementation of the Protocol;

(j) Make recommendations on any matters necessary for the implementation of this Protocol;

(k) Consider and, if approved, adopt proposals for any amendment of or addition to this Protocol or any annex thereto; and

(l) Exercise such other functions as are required for the implementation of this Protocol, including any functions assigned to it by the Conference of the Parties.

197.1 The secretariat shall convene the first Meeting of the Parties not later than one year after the date of the entry into force of this Protocol and, if feasible, in conjunction with a meeting of the Conference of the Parties. Thereafter, ordinary sessions of the Meeting of the Parties shall be held every year in conjunction with sessions of the Conference of the Parties, unless otherwise decided by the Meeting of the Parties.

197.2 Extraordinary sessions of the Meeting of the Parties shall be held at such other times as may be deemed necessary by the Meeting of the Parties, or at the written request of any Party, provided that, within six months of such a request being communicated to the Parties by the secretariat, it is supported by at least one third of the Parties.

197.3 The United Nations, its specialized agencies and the International Atomic Energy Agency, as well as any State not party to this Protocol, may be represented at any Meeting of the Parties as observers. Any body or agency, whether national or international, governmental or non-governmental, which is qualified in matters covered by the Protocol and which has informed the secretariat of its wish to be represented at a session of the Meeting of the Parties as an observer, may be so admitted unless at least one third of the Parties present object. The admission and participation of observers shall be subject to the rules of procedure adopted by the Parties at their first Meeting.

197.4 The first Meeting of the Parties shall adopt by consensus financial rules, in accordance with guidance received from the Conference of the Parties, to ensure that any additional funds for the operation of this Protocol are provided by the Parties to this Protocol.

Proposal 3

198. The Parties shall hold meetings at regular intervals. The secretariat shall convene the first meeting of the Parties not later than one year after the date of the entry into force of this Protocol and in conjunction with a meeting of the Conference of the Parties to the Convention.

198.1 Subsequent meetings of the Parties shall be held, unless the Parties decide otherwise, in conjunction with meetings of the Conference of the Parties to the Convention. Extraordinary meetings of the Parties shall be held at such other times as may be deemed necessary by a meeting of the Parties, or at the written request of a Party, provided that

within six months of such a request being communicated to them by the secretariat, it is supported by at least one third of the Parties.

198.2 The Parties, at their first meeting, shall:

(a) Adopt, by consensus, rules of procedure for their meetings; and

(b) [*other*].

198.3 The functions of the meeting of the Parties shall be to:

(a) Review the implementation of this Protocol, including the information submitted in accordance with Article 3 (*see paragraphs 163-163.7*);

(b) Periodically review the adequacy of this Protocol; and

(c) [*other*].

198.4 The United Nations, its specialized agencies and the International Atomic Energy Agency, as well as any State not party to this Protocol, may be represented at meetings of the Parties as observers. Any body or agency, whether national or international, governmental or non-governmental, qualified in fields relating to climate change which has informed the secretariat of its wish to be represented at a meeting of the Parties as an observer may be admitted unless at least one third of the Parties present object. The admission and participation of observers shall be subject to the rules of procedure adopted by the Parties.

B. Secretariat

Proposal 1

199. The secretariat established by Article 8 of the Convention shall serve as the secretariat to this Protocol [subject to the prior approval of such arrangements by the Conference of the Parties].

Proposal 2

200. Arrangements made for its functioning under Article 8.3 of the Convention shall apply mutatis mutandis to the Protocol.

200.1 The functions of the secretariat shall be:

(a) To compile, synthesize and transmit to the Conference of the Parties reports submitted to it and information communicated to it in accordance with Article 2(e) (*see paragraphs 156-156.2*);

(b) To facilitate assistance to the Parties, particularly developing country Parties, on request, in the compilation and communication of information required in accordance with the provisions of the Protocol; and

(c) To perform other secretariat functions specified in the Protocol and such other functions as may be determined by the Conference of the Parties.

Proposal 3

201. The costs of secretariat services for this Protocol shall be met only by Parties thereto.

Proposal 4

202. The secretariat of the Convention shall serve as the secretariat of the protocol/another legal instrument. Functions provided in Article 8.3 of the Convention shall apply mutatis mutandis to the protocol/another legal instrument.

C. Subsidiary Bodies

203. The Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the Convention (hereinafter referred to as "the Subsidiary Bodies") shall serve as the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the Protocol [subject to the prior approval of such arrangements by the Conference of the Parties].

203.1 When the Subsidiary Bodies exercise their functions with regard to matters concerning the Protocol, decisions shall be taken only by those of their members that are, at the same time, Parties to the Protocol.

203.2 When the Subsidiary Bodies exercise their functions with regard to matters concerning the Protocol, any member of the bureau of the Subsidiary Bodies representing a Party to the Convention, but, at the same time, not a Party to the Protocol, shall be substituted by an additional member to be elected by and from the Parties to the Protocol.

D. Coordination mechanism

204. A mechanism to facilitate Annex I Parties' coordination of measures developed to achieve the objective of the Convention is hereby established to provide the Meeting of the Parties and, as appropriate, the institutions established by the Convention and other relevant international organizations with timely advice on the coordination of such measures.

204.1 The mechanism shall provide advice on the full range of measures the coordination of which could assist Annex I Parties implement their commitments to combat climate change

and the adverse effects thereof. These measures shall include, inter alia, the coordination of economic instruments such as taxes or subsidies, administrative instruments such as least cost or integrated resource planning, energy efficiency standards and recycling, and specific measures covering the industrial, energy, transportation, land use, agriculture, waste management and forestry sectors.

204.2 The mechanism shall be open to participation by all Parties to this Protocol and shall be multi-disciplinary. It shall comprise governmental representatives competent in the relevant field of expertise. It shall report regularly to the Meeting of the Parties on all aspects of its work.

204.3 The functions, terms of reference, organization and operation of this mechanism shall be elaborated further at the first Meeting of the Parties.

E. Financial mechanism

Proposal 1

205. The financial mechanism defined for the purposes of the Convention, as well as the entity or entities entrusted with its operation, shall serve as the financial mechanism and entity or entities for the purpose of the Protocol [subject to the prior approval of such arrangements by the Conference of the Parties.]

Proposal 2

206. *The statements of Article 11 of the Convention shall be used.*

F. Review of information and review of implementation and compliance[44]

Proposal 1

207. A team of experts commissioned by the secretariat shall review the information of each Party submitted in accordance with paragraph 1 (*see paragraph 159*) above. The team of experts shall report the results of the review to the Meeting of the Parties.

207.1 If the Meeting of the Parties, on receipt of the reports referred to in paragraph 207 above, concludes that a Party is under difficulty in achieving the quantified objective referred to in Article 3, paragraph 1 (*see paragraph 114*), the Meeting shall make recommendations to the Party. The Party which received such recommendations shall review its policies and

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[44] *Note to reader: This section should be read together with paragraphs 177-177.2 in the section "Review of commitments" which contains a proposal relevant to this matter.*

measures, and submit the results of its review to the Meeting of the Parties within one year of making such recommendations.

Proposal 2

208. In addition to the review of communications conducted under Article 10.2(b) of the Convention, the Parties, at a meeting, shall consider the information submitted by Annex A and Annex B Parties[45] under Article 3 (*see paragraphs 163-163.7*) in order to assess those Parties' implementation of their obligations.

208.1 Reviews will be conducted by expert review teams, which will be coordinated by the secretariat and composed of experts selected from those nominated by Parties and, as appropriate, by intergovernmental organizations.

208.2 Reviews will be in accordance with guidelines to be adopted by the Parties. These guidelines shall, inter alia, provide for how information will be made available to the public and define mechanisms by which observers and the public may provide comments, supplemental data or other information to facilitate and improve reviews. The guidelines shall be periodically reviewed by the Parties for appropriate revision.

208.3 Review teams will review all aspects of a Party's implementation of this Protocol, including the likelihood that a Party will achieve its emissions budgets obligations. They will prepare a report assessing a Party's implementation of its obligations, identifying any areas of apparent non-compliance, as well as potential problems in achieving obligations. Reports will be provided to the Parties.

208.4 Based on such reports, the Parties, at a meeting, may make recommendations to a Party. In such case, the Party shall review its implementation, take appropriate action, and report back to the next meeting of the Parties on its action.

208.5 *There would also be provisions setting forth various consequences for non-compliance with obligations, as determined by the Parties. Consequences would correspond to the type, degree, and frequency of non-compliance. Some would be automatic, while others might be discretionary. Consequences could include, for example:*

(a) Denial of the opportunity to sell tonnes of carbon equivalent emissions allowed through international emissions trading and/or joint implementation; and

(b) Loss of voting rights and/or other opportunities to participate in processes under the Protocol.

Proposal 3

209. The Meeting of the Parties shall receive, review and ensure the publication of information submitted to it, including the reports submitted by Parties pursuant to Article 5 (*see paragraphs 154-154.2*). Based on its reviews, it shall make rccommendations on any matter necessary for the implementation of the Protocol.

Additional comment

210. *Parties should participate in an international review of implementation, the parameters of such review to be developed by the Parties and included in an annex to the Protocol. Such review should provide for verification of implementation through in-depth review of national communications and other appropriate means and should include remedies for lack of compliance.*

G. Multilateral consultative process

Proposal 1

211. If and when a Multilateral Consultative Process is established under Article 13 of the Convention, the Meeting of the Parties may decide whether and on what conditions agreement be sought for that process to be made available for this instrument. The Meeting of the Parties shall make any arrangements that are necessary to give effect to such a decision by agreement with the Conference of the Parties to the Convention.

Proposal 2

212. The Parties, at their first meeting or as soon as practicable thereafter, shall consider the establishment of a multilateral consultative process to promote effective implementation of the Convention.

Proposal 3

213. The Conference of the Parties shall, at its first session after the entry into force of the Protocol, establish a multilateral consultative process including an Implementation Committee to review, at the request of a Party or Parties, the secretariat, or a Party in respect of itself, compliance with its obligations under the Protocol. Such Committee shall have, among its functions to report regularly to the Conference of the Parties, which shall take appropriate decisions in the light of such reports. The review procedure shall be simple, facilitative, cooperative, non-judicial and transparent. Its application shall be without prejudice to the

Proposal 4

214. The Parties to the protocol/another legal instrument shall, after the entry into force of the protocol/another legal instrument, give consideration to the multilateral consultative process referred to in Article 13 of the Convention.

H. Dispute settlement

Proposal 1

215. The provisions of Article 14 to the Convention shall apply to this Protocol.

Proposal 2

216. When ratifying, accepting, approving or acceding to the Protocol, a Party which is not a regional economic integration organization may declare in a written instrument submitted to the Depositary that, in respect of any dispute concerning the interpretation or application of paragraph 4 (*see paragraph 158.4*) of the Article concerning the implementation of commitments (or of any other provision of this Protocol necessary to the interpretation or application of the said paragraph 4) any claim made pursuant to the Article concerning the economic injuries sustained by developing countries, [and the Article on the compensation mechanism] it recognizes as compulsory ipso facto and without special agreement, in relation to any Party to the Convention accepting the same obligation:

(a) [Submission of the dispute to the International Court of Justice; and/or]

(b) Arbitration in accordance with procedures to be adopted by the Conference of the Parties.

216.1 A Party which is a regional economic integration organization may make a declaration with like effect in relation to arbitration in accordance with the procedures referred to in subparagraph (b) above.

Proposal 3

217. *Provisions on mandatory, binding dispute settlement [with specific consequences flowing from a violation] among Annex A and Annex B Parties[46], as well as against other Parties as appropriate (for example, host countries under Article 7 (see paragraphs 143-143.6) and stating that this process would be without prejudice to the review and compliance process under Article 4 (see paragraphs 208-208.5).*

VIII. FINAL ELEMENTS

A. Decision-making[47]

Proposal 1

218. Decisions under this Protocol shall be taken only by Parties to this Protocol.

Proposal 2

219. Decisions under this protocol/another legal instrument shall be made by the Parties to the protocol/another legal instrument.

Proposal 3

220. Decisions under the Protocol shall be adopted by a two-thirds majority vote of both, and simultaneously, Parties to this Protocol included in Annex I to the Convention present and voting, and Parties to this Protocol not included in Annex I to the Convention present and voting.

B. Amendments

Proposal 1

221. Amendments to this instrument may be made, mutatis mutandis, in accordance with the procedures set out in Article 15 of the Convention.

Proposal 2

222. Any Party may propose amendments to the Protocol.

222.1 Amendments to the Protocol shall be adopted at [a Meeting of the Parties/an ordinary session of the Conference of the Parties]. The text of any proposed amendment to the Protocol shall be communicated to the Parties by the secretariat at least six months before the session at which it is proposed for adoption. The secretariat shall also communicate proposed amendments to the signatories to the Protocol and, for information, to the Depositary.

222.2 The Parties shall make every effort to reach agreement on any proposed amendments to the Protocol by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the amendment shall, as a last resort, be adopted by a

[two-thirds/three-fourths] majority vote of the Parties present and voting at the meeting. The adopted amendment shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.

222.3 Instruments of acceptance in respect of an amendment shall be deposited with the Depositary. An amendment adopted in accordance with paragraph 222.2 above shall enter into force for those Parties having accepted it on the ninetieth day after the date of receipt by the Depositary of an instrument of acceptance by at least [two-thirds/three-fourths] of the Parties to the Protocol.

222.4 The amendment shall enter into force for any other Party on the ninetieth day after the date on which that Party deposits with the Depositary its instrument of acceptance of the said amendment.

222.5 For the purposes of this Article, "Parties present and voting" means Parties present and casting an affirmative or negative vote.

Proposal 3

223. Any Party to the Convention may propose amendments to this Protocol. For purposes of Article 17.5 of the Convention, the phrase "Decisions under any Protocol" shall not be interpreted or applied to include adoption of an amendment to this Protocol. The authority to adopt the foregoing is vested in the Conference of the Parties.

223.1 Amendments to this Protocol may be adopted only at an ordinary session of the Conference of the Parties by consensus. The text of any proposed amendment shall be prepared in one of the following languages: Arabic, Chinese, English, French, Russian and Spanish, and shall be translated into each of the other languages, and the secretariat shall communicate the text of the proposed amendment to each of the Parties to the Convention in one of those languages reasonably believed by the secretariat to be preferred by the Party to the Convention at least six months before the meeting of the Conference of the Parties at which it is proposed for adoption. The secretariat also shall communicate proposed amendments to the signatories to the Convention and, for information, to the Depositary.

223.2 An adopted amendment shall be communicated by the secretariat to the Depositary, who shall circulate it to each of the Parties for ratification or acceptance in one of the languages identified in paragraph 223.1 above that is reasonably believed by the Depositary to be preferred by the Party. Instruments of ratification or acceptance in respect of an amendment shall be deposited with the Depositary. An amendment adopted in accordance with paragraph 223.1 above shall enter into force for those Parties having ratified or accepted it on the ninetieth day after the date of receipt by the Depositary of an instrument of

223.3 An adopted amendment shall enter into force for any other Party on the ninetieth day after the date on which that Party deposits with the Depositary its instrument of ratification, acceptance or accession with respect to the amendment.

C. Relationship to the Convention

Proposal 1

224. Parties shall bear in mind that the Conference of the Parties, as the supreme body of the Convention, must also keep under regular review the implementation of any related legal instruments, such as this Protocol.

224.1 To avoid duplication, overlap and conflicts between the institutional structures and reporting requirements established by the Convention and those established by the Protocol, the first Meeting of the Parties shall seek guidance on these matters from the Conference of the Parties.

224.2 Except as otherwise provided in this Protocol, the provisions of the Convention relating to its protocols shall apply to this Protocol.

Proposal 2

225. New commitments of the Parties adopted under the instrument do not cancel, reconsider or prolong commitments adopted by Annex I Parties for the period before 2000 (see Article 4.2(a) and (b) of the Convention).

Proposal 3

226. The protocol/another legal instrument is a supplement to, and is an integral part of, the Convention.

D. Adoption and amendment of annexes

Proposal 1

227. The Meeting of the Parties may adopt annexes to this Protocol. Such annexes shall form an integral part thereof and, unless otherwise expressly provided, a reference to the Protocol shall constitute at the same time a reference to any annexes thereto.

227.1 Annexes to the Protocol shall be proposed and adopted in accordance with the

the Depositary to such Parties of the adoption of the annex, except for those Parties that have notified the Depositary, in writing, within that period of their non-acceptance of the annex. The annex shall enter into force for Parties which withdraw their notification of non-acceptance on the ninetieth day after the date on which withdrawal of such notification has been received by the Depositary.

227.3 The proposal, adoption and entry into force of amendments to annexes to the Protocol shall be subject to the same procedure as that for the proposal and adoption of annexes to the Protocol in accordance with paragraphs 227.1 and 227.2 above.

227.4 If the adoption of an annex or an amendment to an annex involves an amendment to the Protocol, that annex or amendment to an annex shall not enter into force until such time as the amendment to the Protocol enters into force.

Proposal 2

228. Annexes to the Protocol shall form an integral part thereof and, unless otherwise expressly provided, a reference to the Protocol constitutes at the same time a reference to any annexes thereto. Annexes other than those adopted together with the Protocol shall be restricted to lists, forms and any other material of a descriptive nature that is of a scientific, technical, procedural or administrative character.

228.1 Any Party may make proposals for an annex to the Protocol and may propose amendments to annexes to the Protocol.

228.2 Proposals for an annex to the Protocol and for amendments to annexes to the Protocol shall be adopted at a session of the Conference of the Parties. The text of any proposed annex to the Protocol shall be communicated to the Parties by the secretariat at least three months before the session at which it is proposed for adoption. The secretariat shall also communicate any proposed annex to the Protocol or any amendment to an annex to the Protocol to the signatories to the Protocol and, for information, to the Depositary.

228.3 The Parties shall make every effort to reach agreement on any proposed annex to the Protocol or amendment to an annex to the Protocol by consensus. If all efforts at consensus have been exhausted, and no agreement reached, the annex or amendment shall as a last resort be adopted by a three-fourths majority vote of the Parties present and voting at the meeting. The adopted annex or amendment shall be communicated by the secretariat to the Depositary, who shall circulate it to all Parties for their acceptance.

228.4 An annex that has been adopted or amended in accordance with paragraphs 228.2 and 228.3 above shall enter into force for all Parties to the Protocol six

writing, within that period of their non-acceptance of the annex or amendment. The annex or amendment shall enter into force for Parties which withdraw their notification of non-acceptance on the ninetieth day after the date on which withdrawal of such notification has been received by the Depositary.

228.5 If the adoption of an annex or an amendment to an annex involves an amendment to the Protocol, that annex or amendment to an annex shall not enter into force until time as the amendment to the Protocol enters into force.

228.6 For the purposes of this Article, "Parties present and voting" means Parties present and casting an affirmative or negative vote.

Proposal 3

229. Elaboration of any annexes dealing with lists in Annexes I and II to the Convention, and any other listings of the Parties shall be in accordance with Article 4.2(f) and 4.2(g) of the Convention, taking into account Article 4.2(d) of the Convention.

Proposal 4

230. Any Party to the Convention may propose annexes to this Protocol, and amendments to annexes to this Protocol. For purposes of Article 17.5 of the Convention, the phrase "Decisions under any Protocol" shall not be interpreted or applied to include adoption of an annex to this Protocol nor amendment to any such annex. The authority to adopt any of the foregoing is vested in the Conference of the Parties.

230.1 Annexes to this Protocol shall form an integral part thereof and, unless otherwise expressly provided, a reference to this Protocol constitutes at the same time a reference to any annexes thereto. Such annexes shall be restricted to lists, forms and any other material of a descriptive nature that is of a scientific, technical, procedural or administrative character.

230.2 Annexes to this Protocol and amendments to such annexes shall be adopted in accordance with the procedures set forth in paragraphs 1 and 2 (*see paragraphs 223 and 223.1*). Entry into force of annexes to this Protocol and of amendments to such annexes shall be subject to the same procedure and requirements for entry into force of amendments to this Protocol that are set forth in paragraphs 3 and 4 (*see paragraphs 223.2 and 223.3*) provided that if the adoption of an annex or an amendment to an annex involves an amendment to this Protocol, that annex or amendment to an annex shall not enter into force until such time as the amendment to this Protocol enters into force.

E. Right to vote

Proposal 1

231. The provisions of Article 18 of the Convention shall apply to this Protocol.

Proposal 2

232. Each Party to the Protocol shall have one vote, except as provided for in [paragraph 232.1] [the paragraphs] below.

232.1 Regional economic integration organizations, in matters within their competence, shall exercise their right to vote with a number of votes equal to the number of their member States which are Parties to the Protocol. Such an organization shall not exercise its right to vote if any of its member States exercises its right, and vice versa.

Proposal 3

233. *Proposal to be developed on the possibility of restricting voting entitlements in respect of certain issues, such as those relating to adjustment of commitments of Annex A Parties*[48] *under Article 7 (see paragraphs 175-175.4).*

F. Relationship to other agreements

Proposal 1

234. The instrument shall not derogate from the rights and obligations of Parties under existing international agreements and, in particular, shall not derogate from the provisions of the Agreement Establishing the World Trade Organization (WTO) or affect the rights and obligations of Members of the WTO.

Proposal 2

235. This protocol shall not be construed as affecting the rights of any Party under the general rules and principles of international law concerning responsibility and liability for the adverse effects of climate change.

G. Depositary

236. The provisions of Article 19 of the Convention shall apply to this Protocol.

H. Signature

237. The Protocol shall be open for signature by Parties to the Convention at Kyoto during the third Conference of the Parties to the Convention, and thereafter at United Nations Headquarters in New York from _ to _.

I. Provisional application

238. Any Party may notify the Depositary that it intends to apply the instrument provisionally prior to the entry into force of the instrument for that Party.

J. Ratification, acceptance, approval or accession

Proposal 1

239. The provisions of Article 22 of the Convention shall apply to this Protocol.

Proposal 2

240. The Protocol shall be subject to ratification, acceptance, approval or accession by States and regional economic integration organizations [which are Parties to the Convention] It shall be open for accession from the day after the date on which the Protocol is closed for signature.

240.1 Instruments of ratification, acceptance, approval or accession shall be deposited with the Depositary.

240.2 Any regional economic integration organization which becomes a Party to the Protocol without any of its member States being a Party shall be bound by all the obligations under the Protocol. In the case of such organizations, one or more of whose member States is a Party to the Protocol, the organization and its member States shall decide on their respective responsibilities for the performance of their obligations under the Protocol. In such cases, the organization and the member States shall not be entitled to exercise rights under the Protocol concurrently.

240.3 In their instruments of ratification, acceptance, approval or accession, regional economic integration organizations shall declare the extent of their competence with respect to the matters governed by the Protocol. These organizations shall also inform the Depositary, who shall in turn inform the Parties, of any substantial modification in the

Proposal 3

241. The instrument shall be subject to ratification, acceptance, approval or accession by States and by regional economic integration organizations which are parties to the Convention, subject to the conditions set out in Article 8 (*see paragraph 111.3*). It shall be open for accession from the day after the date on which the instrument is closed for signature. Instruments of ratification, acceptance approval or accession shall be deposited with the Depositary.

K. Entry into force

Proposal 1

242. The instrument shall enter into force in accordance with the provisions of Article 23 of the Convention.

Proposal 2

243. The Protocol shall enter into force on the ninetieth day after the date of deposit of the [thirtieth] [twentieth] [_] instrument of ratification, acceptance, approval or accession.

243.1 For each State or regional economic integration organization which ratifies, accepts or approves the Protocol or accedes thereto after the [deposit of the instrument of ratification, acceptance, approval or accession/fulfillment of the requirements of paragraph 243] the Protocol shall enter into force on the ninetieth day after the date of deposit by such State or regional economic integration organization of its instrument of ratification, acceptance, approval or accession.

243.2 For the purposes of paragraphs 243 and 243.1 above, any instrument deposited by a regional economic integration organization shall not be counted as additional to those deposited by States members of the organization.

Proposal 3

244. *Provision relating to entry into force which would require ratification by States accounting for a particular percentage of global emissions of greenhouse gases.*

Proposal 4

245. This Protocol shall enter into force ninety days after the date of deposit of the fiftieth instrument of ratification, acceptance, approval or accession by a Party to the Convention, provided that the Parties listed in Annex I to the Convention which have deposited their instrument of ratification, acceptance, approval or accession by that time represent no less that

[75 per cent] of the total aggregate emissions of greenhouse gases of Parties listed in Annex I to the Convention for [19_] [the period from 19_ to 19_].

Proposal 5

246. *Proposal to be developed on provisions relating to entry into force which would require ratification, acceptance, approval or accession by a certain number of Parties included in Annex I to the Convention*

Proposal 6

247. This instrument shall enter into force on the ninetieth day after ratification, acceptance or accession of all Annex I Parties and on the ninetieth day after implementation of all Annex I Party commitments under the Convention.

L. Reservations

248. No reservations may be made to this Protocol.

M. Withdrawal

Proposal 1

249. The provisions of Article 25 of the Convention relating to withdrawal shall apply to this Protocol.

Proposal 2

250. At any time after three years from the date on which the Protocol has entered into force for a Party, that Party may withdraw from the Protocol by giving written notification to the Depositary.

250.1 Any such withdrawal shall take effect upon expiry of one year from the date of receipt by the Depositary of the notification of withdrawal or on such later date as may be specified in the notification of withdrawal.

250.2 Any Party which withdraws from the Convention shall, [pursuant to Article 25 of the Convention], be considered as also having withdrawn from this Protocol.

Proposal 3

251. At any time after this Protocol has entered into force with respect to a Party, that Party may withdraw from this Protocol by giving written notification to the Depositary. Any such withdrawal shall take effect on the ninetieth day after the date of its receipt by the

Depositary. The Depositary shall communicate to all Parties to the Convention a copy of each such notification of withdrawal.

251.1 Notwithstanding paragraph 251 above, the withdrawal by an Annex _ Party from this Protocol shall not operate to limit its liability for any claim that may have accrued against it pursuant to Article _ (*on economic injuries sustained by developing countries*) prior to the effective date of such withdrawal.

N. Authentic texts

252. The original of this Protocol, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.

IX. ANNEXES

A. Listing of Parties

Proposal 1

253. **Annex A** *shall list only those Parties to the instrument currently listed in Annex I to the Convention. It should, however, be regarded as open for other Parties, such as those joining the OECD, entirely at their own discretion, to seek to negotiate their entry to Annex A in accordance with the equity principles set out in Article 3 (see paragraph 111).*

Proposal 2

254. **Annex X**[49]

Australia
Austria
Belarus
Belgium
Bulgaria
Canada
Croatia
Czech Republic
Denmark
European Community
Estonia
Finland
France
Germany
Greece
Hungary
Iceland
Ireland
Italy
Japan
Latvia
Liechtenstein
Lithuania
Luxembourg
Mexico
Netherlands

[49] Additions of developed countries or countries with economies in transition could be made.

New Zealand
Norway
Poland
Portugal
Republic of Korea
Romania
Russian Federation
Slovak Republic
Slovenia
Spain
Sweden
Switzerland
Turkey
Ukraine
United Kingdom of Great Britain and Northern Ireland
United States of America

Proposal 3

255. **Annex A** *would include the same States as those listed in Annex I to the Convention, plus those that join subsequently pursuant to Article 2 (see paragraphs 119-119.6 and 169-169.1).*

255.1 **Annex B** *would include those States not listed in Annex A that indicate before adoption of the Protocol that they want to be included in this Annex, plus those that join subsequently pursuant to Article* 2.

Proposal 4

256. *The Protocol would include lists of Parties in an* **Annex A** *and an* **Annex B**.

Proposal 5

257. **Annex III** *would include developing country Parties whose economies are highly dependent on the exploitation, production, processing and exportation of fossil fuels.*

Proposal 6

258. **Annex XX** lists countries to be bound by the quantified emission limitation and reduction objective within the specified time-frame in accordance with Articles 1.1, 1.2 and 2 (*see paragraphs 123-123.2*). Annex XX Parties shall adopt and implement policies and measures set out in List AA under the relevant Article and shall give high priority to the adoption and implementation of the policies and measures set out in List BB.

Proposal 7

259. **Annex [*]** shall be the list of Annex I Parties to the Convention and other Parties that may assume legally binding emission limitation commitments under the [Protocol].

B. Policies and measures

Proposal 1

260.

List A
Policy objectives for all Parties listed in Annex I

(a) Promote the development and increased use of renewable sources of energy;

(b) Increase energy efficiency, including in the energy production and transformation, industrial, transport, household and agricultural sectors;

(c) Reduce energy losses and greenhouse gas emissions from the production, transport and distribution of energy;

(d) Promote fuel switching to less carbon intensive fuels;

(e) Conserve and enhance, as appropriate, greenhouse gas sinks and reservoirs.

(f) Combat desertification;

(g) Reduce emissions of methane through recovery and use;

(h) Reduce fluorocarbon emissions from refrigeration and air-conditioning equipment; and

(i) Reduce emissions of nitrous oxide.

260.1 *List A to be developed further.*

260.2

List B
Possible mechanisms for the implementation of policies and measures.

(a) Voluntary agreements with specific sectors;

(b) Economic instruments;

(c) Regulation;

(d) Target values and/or product standards;

(e) Performance indicators;

(f) Integrated resource planning and least cost planning;

(g) Information and advice programmes;

(h) Education and training;

(i) Research and technology development; and

(j) Exchange and transfer of technology.

260.3 *List B to be developed further.*

260.4 **List C**
Menu of policies and measures from which Parties may choose according to their national circumstances.

260.5 Energy policy:

(a) Reforms of energy markets directed at increasing efficiency including by increasing competition;

(b) Progressively reduce subsidies of fossil fuels and reduce/remove such subsidies, tax schemes and regulations which counteract an efficient use of energy;

(c) Removing protection for domestic coal producers and national electricity supply industries. A first approach could include an agreement to adopt targets for a subsidy reduction, for instance 50 per cent by 2010. A second approach could be an agreement to remove all types of subsidies except those related to research and environmental protection;

(d) Fuel switching to less greenhouse gas emitting sources;

(e) Reduction of energy losses and greenhouse gas emissions, in particular methane, when extracting, transporting, and distributing energy;

(f) Improvement of the energy efficiency of power plants and other combustion plants; and

(g) Extended use of combined heat and power with the aim of the reduction of greenhouse gas emissions, for district heating, industrial process heat and low temperature heat in other sectors and processes, as appropriate.

260.6 Renewable energy:

(a) Promote the development and exploitation of renewable energy sources, including hydro;

(b) Identification, reduction and progressive removal of existing barriers, which prevent the penetration of potentially cost-effective renewable energy routes in the market;

(c) Economic or other incentives for the diffusion of emerging technologies in the field of renewable energies and to secure an expanding market for potentially cost-effective renewable technologies;

(d) Promotion and development of renewable sources of energy, including solar, nuclear and biomass, and ensuring that all countries have access to related material, equipment and technology through removal of all restrictions; and

(e) Definition of a major item "renewable energies" within the framework of the existing international financial mechanisms, for example the World Bank, the Global Environment Facility (GEF), Regional Development Banks, Phare and Tacis.

260.7 Energy efficiency standards:

(a) Energy efficiency standards, defined test procedures and functional performance measures for products, labelling and other product-related measures, including mandatory minimum efficient standards for such products, if necessary or where appropriate;

(b) International coordination on standards for energy efficiency and on the use of fiscal incentives for encouraging advanced options improving energy efficiency and reducing greenhouse gas emissions; and

(c) Building insulation standards (k-values) adapted to the geographical situation of the Parties shall be introduced; quality standards for construction products shall also be defined.

260.8 Industry:

(a) Introduction of international voluntary agreements in internationally oriented industrial sectors, aimed at measures such as the introduction of minimum energy efficiency requirements and greenhouse gas emission limits.

260.9 Transport:

(a) Reduction of CO_2 emissions from newly registered cars through the promotion of measures aiming at reaching target value(s) for average fuel efficiency and/or average g-CO_2/kilometre emissions of newly registered cars per year by a given date. These could include voluntary agreements with the car industry, complementary measures aimed at developing the market for fuel efficient, low CO_2 emitting cars as well as alternative fuels and fuel economy labelling;

(b) Average fuel consumption targets for new vehicles. For new passenger cars, an average fuel consumption target of 5 litres/100 kilometre for petrol-driven cars and 4.5 litres/100 kilometre for diesel-driven cars by 2005 shall be introduced. For other types of vehicles, similar targets shall be defined;

(c) All ICAO members could introduce aviation fuel taxation and/or efficiency standards on the basis of international agreement and worldwide application;

(d) All IMO members could agree internationally to use appropriate economic instruments, including taxation, to encourage the use of cleaner fuels and more fuel-efficient engines; and

(e) The promotion of rail for the transport of goods and passengers, and in particular the combined use of rail/road transport at a national and regional level.

260.10 Agriculture:

(a) Promote bio-energy production such as energy crops and energy plantations, as appropriate, where a net reduction of greenhouse gas emissions results; and

(b) Identify and promote cost-effective ways to include climate change considerations in the general agricultural policies applied by different Parties and agree to pursue those policies and measures in the WTO and other relevant bodies.

260.11 Forestry:

(a) Develop forest management practices that expand carbon storage, including afforestation and re-afforestation policies, in the forest ecosystem, including soils, without negatively affecting long-term productivity or biodiversity;

(b) Expand afforestation and reforestation that produce a basis for viable bio-fuel and wood production for local demand and for industrial use, and that provide other beneficial effects such as watershed protection and protection against natural hazards or recreation;

(c) Forest management practices to decrease N_2O and CH_4 emissions and increase soil carbon; and

(d) Enhancement of sinks through reforestation and combating desertification, and establishing regulations for sustainable forest use.

260.12 Fluorocarbons and other greenhouse gases:

(a) Product standards with respect to leakages of fluorocarbon emissions;

(b) Use of selected low GWP fluorocarbons instead of high GWP fluorocarbons;

(c) Limitation of the production and consumption of PFC, HFC and SF_6; and

(d) Implementation of measures prescribed by the United Nations Economic Commission for Europe (UNECE) protocols on the control and reduction of volatile organic compounds (VOCs) and nitrogen oxides (NO_x).

260.13 *List C to be developed further.*

Proposal 2

261. Parties listed in Annex I to the Convention [OR Annex X to the Protocol] commit themselves specifically as provided for in the following:

261.1 Energy efficiency standards and labelling:

(a) Monitor and share information on energy efficiency levels of current and future standards for electrical appliances;

(b) Seek harmonization of test protocols and measurement and analytical techniques regarding energy efficiency standards for electrical appliances; and

(c) Work together towards harmonization of energy efficiency labelling schemes for electrical appliances.

261.2 Transportation:

(a) Develop in common, a list of successful measures to mitigate greenhouse gas emissions in the transportation sector. Such measures should be given priority in national programmes, as appropriate to national circumstances;

(b) Communicate and regularly update information on the effects of policies and measures in progress in the transport sector, with the aim of establishing, in cooperation, an

international database to monitor the effects of such actions. The creation of the database shall not duplicate existing work;

(c) Implement their commitments in subparagraph 4.2(e)(ii) of the Convention, namely identify and periodically review and report on their own policies and practices which encourage activities that lead to greater levels of anthropogenic emissions of greenhouse gases that would otherwise occur. In particular, this should apply to the transportation sector; and

(d) Seek voluntary agreements with manufacturers for fuel economy improvements of all transportation modes. Coordination of agreements can be made at a regional and/or broader level, as appropriate.

261.3 Sustainable agriculture:

(a) Communicate and regularly update information on agricultural practices that increase carbon sequestration and reduce greenhouse gas emissions with the aim of establishing, in cooperation, an international database. The creation of the database shall not duplicate existing work;

(b) Encourage voluntary actions in the agriculture sector. In particular, actions may include the production of dedicated energy crops, the increased use of bio-fuels, on-farm energy use of methane, the use of options to reduce enteric fermentation, the use of precision fertilizers application technologies, nitrogen testing kits, and nitrification inhibitors; and

(c) Share information on national research and development programmes in sustainable agriculture.

261.4 Cooperate in developing and delivering an international public education and awareness campaign on climate change. The message of the campaign could be based on the outcomes of the Second Assessment Report, and further reports of the IPCC and could focus on individual consumption patterns. Each Party listed in Annex I to the Convention shall implement the campaign and may cooperate with any other Parties in doing so.

261.5 Energy efficiency in countries with economies in transition:

(a) Urge the Multilateral Development Banks (MDBs), which lend to countries with their economies in transition, to focus on energy efficiency, and more generally, on greenhouse gas emissions abatement technologies;

(b) Place commitments and reporting obligations on MDBs. These relate to project screening for energy efficiency opportunities, procurement policy, standardization of contract, co-financing and concessionary finance, and dissemination of policy advice. Investment appraisals should also reflect greenhouse gas externalities. The commitments of MDBs

should also relate to capacity building, both within MDBs and countries with economies in transition, including training programmes and staff exchanges; and

(c) Urge the MDBs which lend to countries with economies in transition to make concessionary financing available to Energy Services Companies and to use performance contract models with governments of countries with economies in transition to finance improvements in government energy use. Annex I [OR Annex X] Parties shall also urge MDBs to initially focus on capacity building and, in particular, to disseminate information promoting the activity of Energy Services Companies within the financial sector of countries with economies in transition and to include performance contracting as a component of their training programmes.

261.6 *Menu of policies and measures - in addition to coordinated actions, the protocol or other legal instrument could include a menu of policies and measures, covering all relevant activities Parties are taking to address climate change, from which other Parties could draw in implementing their domestic action plans.*

Proposal 3

262.

List A
Policies and measures common to all Parties listed in Annex X[50].

List B
Policies and measures to be given high priority by Parties listed in Annex X and for coordination with other Parties.

262.1 *Policies and measures which can be categorized as belonging to Lists A or B are listed hereunder. Those marked with an asterix (*) are policies and measures that shall get the highest priority for inclusion, either in List A or B.*

262.2 Renewable energies:

(a) Definition of a major item "renewable energies" within the framework of the existing international financial mechanisms, for example the World Bank, the GEF, Regional Development Banks, Phare and Tacis;

(b) *Identification, reduction and progressive removal of existing barriers, which prevent the penetration of potentially cost-effective renewable energy routes in the market; and

[50] *Note to reader: See paragraph 254 for a list of Parties included in Annex X in this proposal.*

(c) Economic or other incentives for the diffusion of emerging technologies in the field of renewable energies and to secure an expanding market for potentially cost-effective renewable technologies.

262.3 Energy efficiency standards, labelling and other product-related measures:

(a) *Policies and measures for common household appliances (refrigerators, freezers, washing machines, dryers, dishwashers and water heaters), home entertainment and standby equipment, lighting products, office equipment, and air compressors, space heating equipment, air conditioners, building energy control equipment, and buildings in general include:

(i) Mandatory energy consumption labelling, with defined test procedures and functional performance measures of the products; and

(ii) Voluntary agreements with producers and importers to improve energy efficiency levels of products through clear objectives or general improvement ranges, and, if necessary or where appropriate, mandatory minimum efficiency standards of the products.

262.4 Transport sector:

(a) *Minimum excise duties on fuels to be applied to all Annex I countries;

(b) *Reduction of CO_2 emissions from newly registered cars through the promotion of measures aiming at reaching target value(s) for average fuel efficiency and/or average g-CO_2/km emissions of newly registered cars per year by a given date. These could include:

(i) Voluntary agreements with the car industry; and

(ii) Complementary measures aimed at developing the market for fuel efficient, low CO_2 emitting cars as well as alternative fuels.

(c) Fuel economy labelling;

(d) *In the field of civil aviation:*

*(i) *All ICAO members could introduce aviation fuel taxation and/or efficiency standards on the basis of international agreement and worldwide application;*

(ii) Introducing economic instruments on an internationally agreed basis to speed up the introduction of clean aircraft;

(iii) *The work in ICAO to maintain existing and develop further NO_x emissions standards that minimize NO_x emissions without compromising technological gains in fuel efficiency and CO_2 reductions should continue;*

(iv) *The dissemination and further development of national research into the nature, extent and climate change-related effects of aircraft emissions, and work on the scope for further reductions, should continue under the ICAO umbrella;*

(v) *Improvements in the coordination of international air traffic management, so as to minimize the impact of individual aircraft; and*

(vi) *Continued development, under the ICA0 umbrella, of information and guidance for airlines and airports to raise awareness and promote best environmental practice in air transport policy.*

(e) *In the field of maritime transport, all IMO members could agree internationally to use appropriate economic instruments, including taxation, to encourage the use of cleaner fuels and more fuel-efficient engines.

262.5 Economic instruments in the field of climate change:

(a) *Progressively reduce subsidies of fossil fuels and reduce/remove such subsidies, tax schemes and regulations which counteract an efficient use of energy; and

(b) *A framework for the introduction of an environmental taxation scheme for all Annex I Parties. This could include:

(i) A common environmental taxation structure;

(ii) Minimum taxation target rates, with an effective multilateral consultative process for reviewing taxation rates and possible exemptions, and monitoring the effects of taxes in reducing emissions;

(iii) Study of a phasing-in mechanism, including agreement on a transitional period and possible exemptions during that period;

(iv) Consideration of the sectors, sources and fuels which could be subject to taxation;

(v) Timetable for implementation; and

(vi) A framework for tradeable quota schemes or permits.

262.6 Energy policies:

(a) Where appropriate, reforms of energy markets directed at increasing efficiency including by increasing competition;

(b) Fuel switching to less greenhouse gas emitting sources;

(c) Reduction of energy losses and greenhouse gas emissions, in particular methane, when extracting, transporting, and distributing energy; and

(d) Promotion, where appropriate, of the use of integrated resource planning and least cost planning.

262.7 Industry sector emissions, including voluntary agreements

(a) Improvement of the energy efficiency of power plants and other combustion plants;

(b) *Introduction of international voluntary agreements in internationally oriented industrial sectors, aimed at measures such as the introduction of minimum energy efficiency requirements and greenhouse gas emission limits;

(c) *International coordination on standards for energy efficiency and on the use of fiscal incentives for encouraging advanced options improving energy efficiency and reducing greenhouse gas emissions; and

(d) Extended use of combined heat and power with the aim of the reduction of greenhouse gas emissions, for district heating, industrial process heat and low temperature heat in other sectors and processes, as appropriate.

262.8 Agricultural sector:

(a) Promote bio-energy production such as energy crops and energy plantations, as appropriate, where a net reduction of greenhouse gas emissions results;

(b) Identify and promote cost-effective ways to include climate change considerations in the general agricultural policies applied by different Parties and agree to pursue those policies and measures in the WTO and other relevant bodies; and

(c) Voluntary agreements with specific sectors to improve energy efficiency and reduce greenhouse gas emissions.

262.9 The role of forestry in mitigating climate change:

(a) Develop forest management practices that expand carbon storage, including afforestation and re-afforestation policies, in the forest ecosystem, including soils, without negatively affecting long term productivity or biodiversity; and

(b) Parties shall, where appropriate and with regard to sustainable environmental and land use considerations, particularly the need to mitigate global climate change, take or initiate actions to:

(i) Expand afforestation and reforestation that produce a basis for viable bio-fuel and wood production for local demand and for industrial use, and that provide other beneficial effects such as watershed protection, protection against natural hazards or recreation; and

(ii) Develop and make use of environmentally sustainable and competitive wood or non-wood bio-fuel production systems according to local conditions and the amount of forest resources; and

(iii) Undertake measures and forest management practices to decrease N_2O and CH_4 emissions and increase soil carbon.

262.10 Fluorocarbons and SF_6:

(a) Product standards with respect to, inter alia, leakages of fluorocarbon emissions;

(b) Use, as far as possible, of selected low GWP fluorocarbons instead of high GWP fluorocarbons; and

(c) *International cooperation in the development of policies and agreements with the sector organizations (inter alia, International Primary Aluminium Industry, International Semi-conductor Association, Refrigeration Industry) for the reduction of fluorocarbon emissions.

262.11

List C

National policies and measures to be given priority for inclusion in national programmes of Parties listed in Annex X, as appropriate to national circumstances.

262.12 Renewable Energies:

(a) Increase and optimization of the cooperation between the Parties with the aim of achieving a comprehensive exchange of experience also with regard to the planning and implementation of specific projects for the use of renewable energies;

(b) Promotion of demonstration projects for both Annex X and non-Annex X Parties;

(c) Strengthen research and development with the aim of a technological initiative for the future, in particular, in the areas in which technologies are not yet ready for implementation;

(d) Strengthen socio-economic research in order to facilitate the integration of renewable energies into the market (including research on internalization of environmental costs);

(e) Increase in information, advice, education, training, and awareness regarding the use of renewable energies;

(f) Increase of CO_2 reduction potentials by combining technologies for the use of renewable energies with measures for energy-saving and efficient energy use (for example better heating insulation and use of solar energy);

(g) Promotion of other specific actions of financing such as new private financing schemes (for example, third party financing);

(h) Implementation of voluntary agreements with energy suppliers, industrial users or local authorities in order to introduce renewable energies into energy systems; and

(i) Reporting of Parties of renewable energies in their national communications, focusing in particular on supply of each type of renewable energy, penetration of renewable energy and evaluation of relative costs compared to conventional alternatives.

262.13 Energy efficiency standards, labelling and other product related measures:

(a) Policies and measures for common household appliances (refrigerators, freezers, washing machines, dryers, dishwashers and water heaters), home entertainment and standby equipment, lighting products, office equipment, and air compressors, include:

(i) Voluntary or mandatory energy efficiency labelling and technical specifications for luminaries used in the service sector; and

(ii) International collaboration to establish a voluntary trademark for office equipment.

(b) Policies and measures for space heating equipment, air conditioners, building energy control equipment, and buildings in general:

(i) Introduction of periodic control of space heating equipment in the residential and service sectors;

(ii) Introduction of use of space heating measurements and control systems in new multiple family dwellings;

(iii) Establishment of energy certification schemes and audits of existing residential and commercial buildings;

(iv) Establishment of environmental certification, including energy, of new residential and commercial buildings; and

(v) Energy efficiency labelling of construction, thermal insulation products, and.in particular for windows and window frames.

(c) General policies and measures for all of the previously mentioned products include:

(i) Increased support as well as private concertation of demand-side management initiatives in markets, where applicable. International collaboration for the comparison of results and transfer of techniques;

(ii) Introduction of energy efficiency criteria for public procurement of products, with possible coordination among Parties;

(iii) Public information campaigns to complement labelling and voluntary agreements;

(iv) Public information campaigns regarding high efficiency products;

(v) Education and training for retail staff in respect of energy efficient products;

(vi) Public incentives for research, development and technical demonstration regarding the improvement of energy efficiency and environmental characteristics of the products; and

(vii) Increased use of economic instruments to improve energy efficiency and to internalize external effects.

(d) For all measures, a schedule and a procedure for the establishment and periodic revision of labelling, voluntary agreements, and if necessary or where appropriate mandatory minimum efficiency standards, should be established.

262.14 Transportation sector:

(a) Reduction of CO_2 emissions from newly registered cars - a strategy to reduce CO_2 emissions from newly registered cars could be based on the promotion of measures aimed at reaching target value(s) for average fuel efficiency and/or average g-CO_2/km emissions of newly registered cars per year by a given date. The above measure could include fiscal instruments to promote the introduction into the vehicle fleet of more energy efficient cars, especially in terms of fuel consumption (for example, registration or annual circulation taxes, also for the existing vehicle fleet);

(b) Research and development aimed at low CO_2-emitting vehicles and fuels;

(c) Development and implementation strategies of alternative modes - the development and implementation strategies of urban public transport and of alternative intercity transport modes that are low CO_2 emitters should be encouraged. Several measures can be envisaged, such as incentives aimed at encouraging the development of urban public transport;

(d) Motor traffic management - demand side management, in particular to limit the use of private cars in congested areas and to promote a change in mobility patterns, could be envisaged through regulatory and price mechanisms. In a similar way, interactions between land use, urban development and transport could be taken into account in planning policies in order to reduce the need for travel by private vehicles and to facilitate the use of modes of transport that save space and energy. Traffic management schemes, such as measures designed to encourage optimum traffic flows which reduce overall greenhouse gas emissions from traffic, should be promoted. These policies are mainly matters for local authorities, but the protocol, or other legal instrument, could include measures aiming at making these authorities aware of their relevant responsibilities;

(e) Urban transport - support to conversion to low CO_2 emitting urban fleets, namely public transportation fleets and professional vehicles;

(f) Inspection of road vehicles - mandatory inspection of road vehicles, which allows to control periodically the efficiency of motors, should be introduced.

(g) Action to reduce CO_2 emissions from freight transport - agreement should be sought on action to reduce inefficiencies in the freight transport sector which distort the market and lead to imbalances between the different transport modes. Action should include:

(i) Fair and efficient pricing to ensure fair competition between modes;

(ii) The development of guidelines to avoid empty running of freight vehicles, and improvement in logistics; and

(iii) Introduction of, or improvements in, the application of social legislation in freight transport on a regional basis.

(h) Awareness/behaviour - measures could be implemented to provide information and raise public awareness of the implications and environmental costs of the growth in transport emissions and the need to modify behaviour. Such measures could include the promotion of in-car technical tools to inform drivers of energy-inefficient behaviour;

(i) Civil aviation - encouragement of a shift from air transport to other appropriate modes including agreements on the application of environmental impact assessments for airfield expansion; and

(j) Maritime transport - regulation and/or voluntary agreements such as for energy efficiency and emission reduction (for example with regard to generators and engines).

262.15 Economic instruments:

(a) Introduction/increase of environmental taxation by one or more Parties; and

(b) A framework for furthering voluntary agreements.

262.16 Energy policies:

(a) Intensified international cooperation;

(b) Development of international energy action programmes;

(c) Deepening international and national analysis of the energy sector and development of low carbon energy scenarios;

(d) Development of national and local energy action programmes by an open and transparent process involving the participation of sector representatives, academia, local authorities, citizens, and non-governmental organizations in the elaboration of energy policies, and allowing for hearings and other means of broad public participation;

(e) Setting environmental objectives and aims for developments such as increased efficiency and the wider use of renewables;

(f) Promotion of combined heat and power generation and district heating;

(g) Research and development strategies supporting cost-effective energy efficiency and energy saving, renewables, low carbon or safe carbon-free energy technologies, and CO_2 recovery/sequestration;

(h) Promoting active involvement of the energy industry in climate change concerns by, for example negotiated agreements;

(i) Furthering synergies between energy policy and other policy areas developed in the context of greenhouse gas limitation/reduction;

(j) Development in the energy sector of an approach based on internalization of external costs;

(k) Promoting information campaigns and education in order to increase awareness among citizens of the necessity of saving energy;

(l) Setting standards and regulations; and

(m) Removal of obstacles to the rational use of energy.

262.17 Industry sector emissions, including voluntary agreements:

(a) Fuel switching in combustion plants to less carbon intensive fuels, including renewable energy sources;

(b) Increased use, where appropriate, of voluntary negotiated agreements and/or regulatory measures such as the introduction of energy efficiency requirements and greenhouse gas emission targets and/or emission limits in permitting procedures;

(c) Greater energy efficiency in industrial processes, including developing fundamentally new processes, intrinsically less energy-intensive or depending on completely different feedstocks;

(d) Limitation/reduction of emissions of greenhouse gases and precursor substances from industrial production processes (N_2O, non-methane VOCs (NMVOCs), carbon tetrafluoride (CF_4), hexafluoroethylene (C_2F_6) and others) and power plants (NO_x and others);

(e) Use of waste heat from large industrial and combustion plants;

(f) Improvement of the energy efficiency of plants for the provision of low temperature heat (for example industrial cogeneration plant, heating boilers or similar devices) and other small combustion plants, and regular examination of such plants;

(g) Implementation of energy diagnosis/energy audits for industry and business, and in particular for industrial sectors with high energy consumption;

(h) Improved support, including information and counselling, to small and medium sized companies on the possibilities of the use of renewable energies and measures for energy saving and efficient energy use; and

(i) Measures to recycle materials and to reduce the use of materials with high energy and carbon intensity on a life-cycle analysis basis.

262.18 Agricultural sector:

(a) Development of best practice guidelines for greenhouse gas emission reductions;

(b) Encouragement, as appropriate, of organic farming and the integration of environmental considerations into animal husbandry practice;

(c) Promote the exploitation of agricultural wastes for energy production;

(d) Use national, regional and international policies regarding water protection, air pollution, protection of vulnerable areas, management of natural or recreational areas, to help to mitigate climate change;

(e) Identification and diffusion of appropriate agricultural technologies to non-Annex X Parties;

(f) Strengthen research and development on mitigation options and increase cooperation; and

(g) Regulatory and/or economic instruments may be used where appropriate.

262.19 Forestry:

(a) As forest conservation and sustainable use of forest resources is related to the entire range of environmental and developmental issues and opportunities, a comprehensive approach should take into account the linkages between the UNFCCC, the Convention on Biodiversity and the Statement of Forest Principles adopted at Rio de Janeiro in 1992;

(b) Parties to the Convention should not harvest more wood volume than they can sustainably produce, and as far as appropriate take into account the developments and results of the discussions concerning forest management under the framework of the CSD and the Intergovernmental Panel on Forests. Human activities should not as far as possible decrease amounts of carbon conserved in the soil, unless these activities are carried out to increase biomass production, resulting in a net decrease of carbon releases when integrated over time;

(c) Progressively reduce human activities, such as forest fires and the emission of harmful air pollutants caused inter alia by energy production, that substantially decrease the natural productivity of any forest and increase the risk of forest fires. National, and where appropriate international, programmes to achieve this goal should be further developed;

(d) Promote the development of environmentally acceptable technologies and management practices for the forest sector; and

(e) Parties should, where appropriate and with regard to sustainable environmental and land use considerations, particularly the need to mitigate global climate change, take or initiate actions to:

(i) Develop and elaborate the regulations or guidelines required to ensure the environmental sustainability of bio-fuel production and to promote its acceptability where necessary;

(ii) Develop measures, where appropriate, to replace fossil fuel-based and energy-demanding products by wood-based products and increase the use of long-lived wood products;

(iii) Assess how the structures of the forest industry affects the transition to an environmentally and economically optimal energy system;

(iv) Protect basic elements of forest ecosystems at risk from forest fires and different processes of soil degradation, particular in semi-arid regions;

(v) Promote research and development in the field of utilization of wood products, biomass and biofuels, as well as on the role of forests in the carbon cycle;

(vi) Undertake measures to prevent, monitor and fight forest fires, and to reforest destroyed areas;

(vii) Favour the storage of carbon in forests through incentives for afforestation of agricultural land, where appropriate; and

(viii) Ensure the ecological balance of forest ecosystems.

262.20 Waste sector:

(a) Regulation - the use of regulations to ensure that waste is prevented at source and to ensure that waste which nevertheless arises is only disposed of in landfill when no opportunities for re-use exist. Regulations should also ensure that appropriate controls exist to minimize any risk of pollution of the various environmental media or harm to human health from the disposal of waste in landfills. While not excluding all other options, attention should be paid to the following measures:

(i) For new landfills, to provide regulations to enforce new anaerobic landfills to be equipped with methane recovery for use as energy (or flaring, if energy use is not feasible) where economically and environmentally feasible;

(ii) For existing landfills, to provide regulations to give an incentive to local, regional and national authorities to implement methane recovery for use as energy (or flaring, if energy use is not feasible) where economically and environmentally feasible;

(iii) Best available technologies and management practices should be used to limit emissions from waste combustion and energy has to be used for heat and/or power production. Emissions monitoring has to be provided; and

(iv) Treatment of organic wastes and the disposal of such waste in landfills should be analyzed to identify the best practice.

(b) Economic instruments - encouraging public and private actors:

(i) To produce less waste;

(ii) To recover value from more of the waste that is produced; and

(iii) To dispose of less waste in landfill sites (for example, taxing the waste going to landfills).

(c) Financial or other incentives - to encourage "waste to energy" using clean technologies, the utilization of landfill gas and bio-gasification, without detracting from the priority given to the prevention of waste or discouraging other recycling of waste operations;

(d) Guidance - provision of guidance on various waste management options and best practice (for example, obtainment of compost or anaerobic digestion of organic waste, installation of whole-site landfill gas collection, followed by its utilization (or flaring, where applicable) at new sites receiving biodegradable waste, and at existing sites, if remaining capacity and gas production is likely);

(e) Research, development and demonstration - promotion and support for research, development and demonstration into new sustainable waste management practices, particularly those with greatest potential for limiting methane emissions;

(f) Awareness/information - information campaigns to raise awareness among industry, local authorities, voluntary groups and the public of sustainable waste management practices. Provision of sound information about the environmental and economic costs and benefits of the different waste management options. Good information is essential for the formulation of sound waste management policies. It is also needed in order that progress towards targets can be assessed; and

(g) Information exchange - encourage networks for exchange of ideas and experience in waste management practices and research.

262.21 Fluorocarbons and SF_6:

(a) Avoid, as far as possible, the use of fluorocarbons in testing procedures;

(b) Economic and fiscal instruments;

(c) Reporting on the production, consumption and national emissions of fluorocarbons;

(d) Additional reporting instructions on the quantities produced, emissions, recycled and destroyed fluorocarbons;

(e) Reducing anode effects in the aluminium smelter sector;

(f) Reducing emissions through improved equipment and practices in the electrical equipment industry;

(g) Standards for process optimization and recycling and chemical substitution in the semi-conductor industry;

(h) Guidelines for good housekeeping, environmentally sound and safe recovery, recycling and prudent disposal in specific areas for limitation of emissions and optimization of the use of fluorocarbons;

(i) Infrastructure of recovery, for example use of fluorocarbon re-use banking systems;

(j) Develop and implement standards with respect to professional skill of personnel in the field of transport, handling, maintenance, operation and control of fluorocarbons;

(k) Transfer and promotion of environmentally sound and safe technologies;

(l) Stimulation of research and development;

(m) Re-use, regenerating, recycling, recovery;

(n) Voluntary agreements between production and consumption sectors and governments, guidelines for good housekeeping, recycling and prudent disposal through regulations and/or voluntary agreement with industry, including specific training of the relevant actors; and

(o) Information campaigns.

262.22 Municipal actions:

(a) Direct municipal action - specific actions that can be taken by local authorities in this field include:

(i) Fleets and transportation:

- Improving the environmental quality of municipal vehicle fleets;
- Using public transport in municipal travel; and
- Encouraging municipal employees to use public transport, cycle or practice car-pooling to get to work.

(ii) Buildings:

- Inspecting municipally-owned buildings for the purpose of reducing CO_2 emissions;
- Installing cost-effective energy-efficiency measures relating to lighting and heating and cooling systems;

- Installing cogeneration systems; and
- Installing appropriate renewable energy technologies.

(iii) Work organization:

- Implementing eco-management systems in their administrative units; and
- Using energy efficient equipment and materials.

(b) Land use policies:

(i) Land use policies should aim to:

- Avoid excessive land use changes and especially those which involve loss of natural resources leading to adverse effects on climate change;
- Avoid land-extensive models of cities and urban sprawl based in the separation between activities (home, work, shops) that increase transportation and infrastructure needs; and
- Reduce the need to travel and people's reliance on cars, by improving the integration of transport and land use planning.

(ii) Land use policies should aim to recognize the use of and take account of:

- Analysis of the environment, identifying environmental assets and physical capacity constraints;
- Relevant environmental objectives;
- The use of environmental impact assessment, where appropriate;
- Measures to limit adverse impacts, for example by using environmentally friendly technology;
- Diversity and mixing of land uses versus rigid zoning;
- Formulation of targets and indicators about urban patterns flows and environmental quality;

- Actions to shorten and reduce the need for trips rather than emphasizing measures which seek to minimize travel time; and

- Economic instruments which influence land use decisions, land use and mobility patterns.

(c) Urban mobility - policies and measures in this sector should be directed at:

- Reducing the need for travel by private vehicles;

- Giving priority to public transport and improve its levels of service, comfort and safety as well as inter-modal connections and reserved lanes facilities;

- Promoting car-sharing/pooling systems;

- Taking account of all benefits and costs including environmental impacts for assessing differing transport modes;

- Introducing road pricing as appropriate;

- Making appropriate provision for, and charging for the use of, parking facilities;

- Influencing citizens' behaviour towards more sustainable movement patterns;

- Broad-scale traffic calming especially by reducing speed limits in the cities and declaring "residential streets", low traffic areas, and other measures;

- Imposing on motor traffic the full social and economic cost caused by it;

- Establishing cycle routes, including, where appropriate, segregated cycle lanes;

- Ensuring the urban areas are designed and managed so that walking offers an attractive alternative;

- Establishing pedestrian zones and itineraries;

- Offering attractive public transport, through measures already mentioned and other ones, such as attractive fares and conditions

(for example, combined tickets for all the public transport in the region); and

- Limiting motor traffic in centres of cities and establishing appropriate motor traffic management.

(d) Local action in the field of energy - policies and measures should address:

(i) Energy efficiency:

- The establishment of cogeneration plants which produce heat and power from the same process;

- Where municipalities can do so, influence local energy producers to reduce CO_2 emissions from the production and distribution of electricity by increasing the efficiency of existing power plants. This involves, where appropriate, using heat given off by these plants for space heating or industrial uses (cogeneration, district heating and cooling); and

- Supplying energy services instead of energy may sometimes be an appropriate and highly flexible approach to efficient energy use where municipal authorities have responsibility for the operation of utilities. Least cost energy planning and integrated resource planning are approaches in this direction, which are also applicable to services required by the municipality itself (performance contracting).

(ii) Residential, commercial and institutional buildings:

- Decreasing heating and cooling loss in residential buildings by using bio-climatic architecture principles and appropriate insulation methods, and through more energy efficient systems, equipment and appliances;

- Establishment of local heat supply systems based on local renewable resources;

- In commercial and institutional buildings, improving the efficiency of heating, cooling and ventilation systems by installing more efficient equipment and motors and heat recovery systems and minimizing the requirements for air-conditioning in new buildings;

- Energy audits of buildings;
- Improving lighting efficiency with energy-saving light bulbs and relating controls of light levels to occupancy and natural light conditions; and
- Using low energy and low carbon materials.

(iii) Local renewable energy - promote and facilitate the widest possible use of renewable local energies.

(e) Waste management - in addition to municipalities having a direct role in the whole waste cycle, they are in a special position to influence, through direct actions and information campaigns, public and private actors to:

(i) Minimize wastes;

(ii) Maximize recovery and re-use processes;

(iii) Optimize energy recovery;

(iv) Reduce the amount of organic waste disposed of in landfill sites where this is the best practicable environmental option; and

(v) Maximize the recovery of methane generated by landfill sites and its utilization as an energy vector or, at least, flaring if energy use is not feasible.

(f) Information exchange, local agencies:

(i) Information on measures already taken at local level;

(ii) Information exchange between local authorities on experience with greenhouse gas emission reduction measures (national or international cooperation, meetings and programmes);

(iii) Education campaigns to help to create a positive attitude towards greenhouse gas emission reduction measures; and

(iv) Creation of local energy agencies to advise local authorities, citizens and small and medium sized enterprises on best practice for energy management.

Additional proposal relating to proposal 3

263. The measures listed below shall be internationally coordinated among Parties and shall be listed in the protocol.

(a) Reform of subsidies in the energy sector:

(i) This could involve removing protection for domestic coal producers and national electricity supply industries;

(ii) A first approach could include an agreement to adopt targets for a subsidy reduction, for instance 50 per cent by 2010; and

(iii) A second approach could be an agreement to remove all types of subsidies except those related to research and environmental protection.

(b) The introduction of an incentive tax on CO_2;

(c) Average fuel consumption targets for new vehicles:

(i) For new passenger cars, an average fuel consumption target of 5 litres/100 kilometres for petrol-driven cars and 4.5 litres/100 kilometres for diesel-driven cars by 2005 shall be introduced. For other types of vehicles, similar targets shall be defined.

(d) Energy efficiency standards:

(i) New buildings:

- Building insulation standards (k-values) adapted to the geographical situation of the Parties shall be introduced; and

- Quality standards for construction products shall also be defined.

(ii) Appliances - target values to limit the energy consumption of appliances shall be introduced. These values shall be negotiated with the main appliance manufacturers. The following appliances shall be considered:

- Household appliances - refrigerators, freezers, washing machines and dryers, dishwashers, electric ovens, televisions, video recorders and air conditioners;

- Office equipment - personal computers, monitors, printers, photocopiers, facsimile machines;

(iii) Labelling - harmonized labels on appliances with low energy consumption shall be introduced.

(e) The introduction of taxation on aviation fuel - because this would need to be internationally harmonized and universally applied, countries other than those included in Annex I shall be involved. Negotiations shall therefore take place in the framework of ICAO as well as the Convention;

(f) Limitation of the production and consumption of PFC, HFC and SF_6; and

(g) Implementation of measures prescribed by the UNECE protocols on the control and reduction of VOCs and NO_x.

263.1 The promotion of rail for the transport of goods and passengers, and in particular, the combined use of rail/road transport at a national and regional level, shall receive high priority for consideration by Annex I Parties for inclusion in their national programmes and would benefit from common coordinated application.

Proposal 4

264. Examples of policies and measures and their indicators are listed below (indicators within brackets):

264.1 Efficient use of energy:

(a) Improvement of automobile fuel efficiency [in the case of Japan, 10.15 mode[51] fuel efficiency (kilometre/litre)];

(b) Improvement of power generation efficiency [general average of power generation efficiency (per cent)];

(c) Promotion of cogeneration (including fuel cells) [kilowatt];

(d) Promotion of energy-saving in buildings and housings;

(e) Promotion of efficient use of waste biomass energy [the number of facilities]; and

(f) Promotion of use of public transport.

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[51] *Fuel economy test cycle in Japan. The majority of new vehicles are subject to one of three types of fuel economy test cycle (European, Japanese and American types).*

264.2 Introduction of carbon-free or low-carbon energy:

(a) Introduction of renewable energy (such as photovoltaic systems [one hundred million (kilowatt-hour)] and wind power generation [kilolitre oil-equivalent][share in primary energy supply (per cent)]).

264.3 Innovative technological development:

(a) Research and development of CO_2 separation, fixation and utilization technology;

(b) Research and development on advanced low or non-emission vehicles; and

(c) Research and development on new generation city vehicles.

264.4 International technical cooperation and transfer of technologies:

(a) Activities implemented jointly [the number of projects] [an amount of expenditure];

(b) Cooperation for human resource development; and

(c) Cooperative research projects and studies.

264.5 Protection and enhancement of sinks and reservoirs of greenhouse gases not controlled by the Montreal Protocol:

(a) Sustainable management of forest and afforestation/reforestation [area of forest][growing stock]; and

(b) Development of green spaces in urban areas [area of city parks].

264.6 *To be developed further*

Proposal 5

265. Scientific:

(a) Fundamental and applied research on climate change problems;

(b) Development and refinement of estimates, scenarios and projections of climate change and its effects; and

(c) Creation of the system of monitoring of greenhouse gas concentrations in the atmosphere.

265.1 Technological:

(a) Energy and resource saving measures in the field of electricity generation, its distribution and consumption, in transport, industry, residential, commercial and other sectors;

(b) Alternative energy sources;

(c) Rational land use and agriculture;

(d) Reduction of emissions and leakages of methane; and

(e) Implementation of specific measures to raise quality of sinks and reservoirs of greenhouse gases.

265.2 Economic:

(a) Implementation of market mechanisms in such fields as pricing, standards, taxation, policy; and

(b) Introduction and implementation of regulatory functions such as penalties for exceeding maximum admissible atmospheric emissions of greenhouse gases not controlled by the Montreal Protocol.

Proposal 6

266. Parties listed in Annex XX[52] shall adopt and implement the policies and measures set out in List AA.

List AA

(a) Mandatory energy efficiency standards and labelling for common household appliances;

(b) Promote the development of technologies and increased use of renewable energy sources;

(c) Increase energy efficiency in the energy production, transformation and distribution, industry, transport and household sectors;

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[52] *Note to reader: See paragraph 258 for an explanation of Annex XX in this proposal*

(d) A framework for the introduction of an environmental taxation scheme; and

(e) Sustainable policies in the forestry sector, mainly through afforestation and re-forestation.

266.1 Parties listed in Annex XX shall give high priority to the adoption and implementation of the policies and measures set out in List BB and shall work towards their early coordination.

List BB

(a) Voluntary agreements with energy producers and importers and industry to improve energy efficiency;

(b) Reduction of CO_2 emissions from newly registered cars;

(c) Fuel switching to less greenhouse gas emitting sources;

(d) Reduction of greenhouse gas emissions in energy production, processing, transportation and distribution;

(e) Promote production of bio-fuel and sustainable wood production for local demand and for industry;

(f) Develop international cooperation on policies and measures leading to reduction of fluorocarbon emissions; and

(g) Promote education, training and public awareness.

C. QELROs

Proposal 1

267. **Annex A** *would also list the QELROs applicable to individual Parties or groups of Parties.*

Proposal 2

268. **Annex Y**

268.1 Parties listed in Annex X shall, individually or jointly, in accordance with paragraph 112.1, reduce emission levels for CO_2, CH_4 and N_2O together (weighted total, using GWP with a 100 year time-horizon), by [_ per cent] by 2005 and by 15 per cent by 2010

(reference year 1990). HFC, PFC and SF_6 should be added no later than 2000 to the basket of gases for the above reduction objectives.

268.2 In the longer-term, more sophisticated methods to allocate reduction targets shall be implemented, in accordance with paragraph 112.1, eventually leading to convergence of emission levels based on appropriate indicators.

Proposal 3

269. **Annex A** would set out the QELROs applicable to each developed country Party listed in Annex I to the Convention.

D. Methodological issues

Proposal 1

270. **Annex D** *would contain the most recent GWPs, as agreed by the IPCC for greenhouse gases not covered by the Montreal Protocol.*

Proposal 2

271. **Annex C** *would list greenhouse gases not covered by the Montreal Protocol, with the exception of gases, or particular sources and sinks, for which there is insufficient knowledge of the GWP or inability to accurately measure emissions or removals. GWPs would be those developed by the IPCC.*

Proposal 3

272. **Annex C** *would set out the GWPs of greenhouse gases not controlled by the Montreal Protocol.*

Proposal 4

273. **Annex [C]** *shall be a list of gases in source categories of emissions of anthropogenic CO_2, and other greenhouse gases not covered by the Montreal Protocol, for which data certainties are judged by the Parties to the [Protocol] to be adequate for the purposes of legally binding commitments.*

273.1 **Annex [D]** *shall be a list of gases in categories which can be either sources or sinks for emissions of anthropogenic CO_2, and other greenhouse gases not covered by the Montreal Protocol, for which data certainties are judged by the Parties to the [Protocol] to be adequate for the purposes of offsetting binding emission limitation commitments, potentially with a weighting factor and constraints relating to the permanence of any such sinks.*

E. Other Annexes

Proposal 1

274. An annex to the instrument shall include measures to assist Parties not included in Annex I to fulfil their commitments, and indicate ways to facilitate the submission of proposals from Parties not included in Annex I on how best to expedite the implementation of their commitments.

Proposal 2

275. *Annexes would provide detailed information disaggregated by country and sector on major sources of greenhouse gas emissions, their nature and volume, the characteristics of old technologies in use, as well as their age, and a timetable for the replacement of these old technologies. Information on such sources should include details of measures being implemented to tackle greenhouse gas emissions, the expected reductions in emissions and the costs for the different sectors.*

Proposal 3

276. *An annex would elaborate the parameters for an international review of implementation of commitments under the Protocol.*

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